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A NATIONAL MONEY SYSTEM.

ADDRESSES

BY

R. M. WIDNEY
Los Angeles Cal.

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A N A T I O N A L M O N E Y S Y S T E M

ADDRESSES

BY

R.M.WIDNEY

Los Angeles Cal.,

PRELIMINARY ARTICLE — July 1890.

A NATIONAL CURRENCY. Jan, 1891.

INCREASED VOLUME OF MONEY. Mar, 1891

Cal,Bankers Association.

AS GOOD AS GOLD. Apr, 1891.

Commercial Congress Kansas City.

PROPOSED NATIONAL MONEY SYSTEM. Oct, 1891

Cal.Bankers Association.

VOLUME OF MONEY,WHAT IS MONEY. Sep, 1892.

American Bankers Association.

ESSENTIAL ELEMENTS OF MONEY. June 1893.

Worlds Congress of Bankers Chicago.

MISCELLANEOUS.

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From the Los Angeles Daily Times of July 7, 1890.

THE CURRENCY.

An Elaborate Plan Originated by Judge Widney.

What He Says About it Suggested in the Form of "a Bill to Provide for a National Circulating Medium," and to Regulate the Same---Full Text of the Measure.

The extended debate in Congress on the silver question has awakened general interest in the national financial system throughout the country, and called forth an almost universal demand for all information bearing upon this important subject. THE TIMES yesterday published a letter from Senator Henry M. Teller of Colorado, explaining at length the provisions of the Silver Bill, the relations existing between gold and silver as money metals, with a strong argument against the demonetization of silver. This morning another branch of the general subject is taken up, to wit, paper currency as a circulating medium. Judge R. M. Widney, president of the University Bank, has given a great deal of attention to the study of finance, especially with reference to paper currency as a circulating medium, backed by the real estate of the Nation as security, and in which the people are directly and personally interested. Judge Widney has formulated his views on the subject in the shape of a "bill to provide a national circulating medium, and to provide for the circulation thereof," which he thinks may yet become the subject of Congressional legislation. The bill is an exhaustive document, outlining in detail Judge Widney's plan, and is worthy of a careful perusal. In regard to the measure the Judge yesterday made the following statement to a TIMES reporter:

JUDGE WIDNEY'S STATEMENT.

Every civilized nation must have a sufficient volume of circulating medium, of one kind or another, to fully accommodate the business of the nation.

The volume will vary generally in proportion to the population and the bulk and activity of business, herein including the development of the resources of the country.

If the circulating medium is kept in volume to meet the above demands, the business of the community will be steady and finances will be free from what is known as tightness of the money market.

The people must, however, bear in mind that fluctuations will occur by reason of excessive production or demand that no financial scheme can obviate.

It may be safely asserted that gold and silver cannot be controlled or obtained in

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ufficient quantities to fully meet the demands of the commercial world for a circulating medium, and the same is true of each nation. Hence, each nation is forced to supplement the use of gold and silver by an issue of currency. It may be further asserted that no nation has yet fully or satisfactorily solved this department of the problem.

The proposed bill is limited to the currency department and does not affect the gold and silver questions before the nation.

Up to the present all of our legislation on currency has been only a makeshift to meet emergencies in a temporary manner. As a nation we have reached a point where we should, in harmony with the natural laws of business, establish our circulating medium on a permanent basis, so that the whole country may know what to rely on from century to century with only slight changes for adjustment.

Arbitrary legislation, in violation of natural laws of business, must sooner or later break down. Therefore the only solution of this question is a national system of finances based upon a natural law, applicable to the case.

The present bill recognizes that the nation alone should be the bank of issue of all circulating medium, gold, silver or paper. In this way all the property of the people in the nation is the security for the money issued. Every inhabitant owning money is interested in the stability of the money and of the Government.

The question of redemption is eliminated from the problem, for to redeem implies a new reissue in some form to keep up the volume. There is, in fact, no such thing as bona fide redemption, for never is there in reserve at any one time gold and silver enough to redeem all outstanding notes. The only possible thing is to provide fully for exchange of gold and silver for currency to meet special demands. This is all that has ever been done even under the head of redemption.

The proposed bill adopts the present organized department of Comptroller and clerks, so that no noticeable change will occur in this respect, neither will there be any material increase of employés.

A comparison of the following sections in parenthesis will show corresponding sections in the act of June 3, 1864. The first number is of this bill, the second is of said act:

(1-1), (2-2), (3-3), (4-22), (5-24), (8-5), (9-6), (10-7), (11-18), (13-9), (14-10-11), (16-12), (17-13), (18-50), (19-33), (20-28), (21-30-31), (22-34-45), (23-35), (24-38), (25-40), (26-44), (28-52), (30-56), (31-59), (32-60), (33-61), (37-27), (38-53-55), (39-54), (40-63), (43-64.)

The peculiar provisions of this bill are principally in sections 4, 6, 7, 8, 9, 12, 13, 17 18, 21, 23, 33, 34, 35 and 36.

The leading points on these sections are about as follows:

Section 4 provides for a circulating medium in currency additional to gold and silver of $20 per inhabitant. The amount of coin in circulation June 30, 1889, was $856,662,356; in the treasury, $244,050,076. Total, $1,100,712,432. An issue of $20 per capita in a currency, as per this section, would give on the census of 1890 $1,280,000,000, making a total of coin and currency circulating medium of $2,380,712,432. The volume of coin and currency would be nearly equal, and the exchange of one for the other would usually balance. On a redemption plan the results would be perfectly safe.

As population increased between census takings from year to year an additional issue is provided for annually. Section 4 also makes it legal tender for all debts. This prevents a corner on gold when needed to pay Government revenues. Where needed for foreign use it can be had as easily as at present.

Section 6 provides for a new issue every twenty years. This is for the purpose of replacing in circulation notes to replace the volume of those lost and destroyed; also to check incidentally counterfeiting, or the use of stolen plates, etc.

Section 7 is very important. This provides for returning to circulation among the people the money that is first issued, and as it returns in revenues and taxes to the Government. This is done by taking up all outsanding notes of the Nation; also by loans to States, cities, counties, etc., on bonds issued for public improvements. This will at one stroke reduce interest on all such bonds to 1 per cent. per year. This of course reduces taxes in all such cases for the masses, and is a sweeping public benefaction to all.

Sections 8, 9, 12, 13, 17 and 18 provide that real estate may be used as security, by which banks can obtain capital at a low rate of interest of 1 per cent. per year on real estate security, and in return must loan it at not to exceed 4 per cent. per year. The Nation can never safely do the detail banking business of the people, for the simple reason that such a business now requires the talent and time of all the banks, bankers and employés now in that business. To succeed in this there must be the responsible, personal inspection and attention of deeply interested persons, persons who realize that failure, a bad debt mean personal financial ruin or loss. Again to throw these out of employment to put in others is no gain to the people.

Section 21 provides that the rate of interest shall not exceed 4 per cent. The

profits of a bank are not regulated alone by the rate of interest it charges, but by the differences between the cost of the money to the bank and the rate charged by the bank. If the Government furnish capital to the bank at 1 per cent. and the bank gets 4 per cent., the gross profit to the bank is 3 per cent. In addition to this the bank receives the current income from the real estate pledged to the Government as security for the capital issue. This plan substitutes, in the present system, real-estate for United States bonds as security, and leaves no dead capital lying idle in the United States Treasury as collateral security for bank notes, as at present. This one plan will of necessity cheapen money by removing dead capital, in United States bonds, from an interest drawing condition.

Section 33 introduces a matter of very vital importance to all the people. It provides for the publication of all the valuable financial news of the Nation in a National Bulletin of Finances. From this quite an accurate trace can be kept of the journey and stoppings of the volume of money. A careful consideration of its provisions will fully show its importance.

Section 34 is designed to correct existing abuses and regulate taxation. The rich become richer and the poor poorer is a proverb throughout the land, and the poor cry aloud for work. Under this section, by taxation and revenue the rich will be constantly paying into the national treasury. It is then the people's money, and by the Government must be returned to circulation. If the Government will employ the idle laboring classes on public works, postoffices, buildings, parks, military and naval matters, it will furnish labor and bread to the needy. The rate of wages should be on the basis of employing or helping the greatest number, and, generally speaking, not the best laborers. The best laborers command good wages from private parties, and thus crowd out the weaker. At a low rate of wages these would find employment and food from the Government, and in return would give us public improvements at about the same cost as if higher wages were paid to better laborers. Our Nation must provide labor, food and clothing for its poor labor; no other one will so provide.

This section prevents such Government expenditures being made in a few localities, thus drawing an over-supply there. It requires the expenditures to be made approximately to the population in the different States and communities. This is right, for in that proportion the people have paid in taxes, and it should be expended where it came from, as near as may be.

Of course, the above principles are applicable to many changes of detail, and Congress would make such changes as were deemed best.

THE BILL.

Full Text of Judge Widney's Financial Scheme.

A bill to provide a national circulating medium, and to provide for the circulation thereof.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: That there shall be established in the Treasury Department a separate bureau, which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and circulation of a national circulating medium. The chief officer of said bureau shall be denominated the Comptroller of Finance, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President of the United States, with the approval of the Secretary of the Treasury, by and with the consent of Congress, and shall hold his office for the term of ten years, unless sooner removed by the President, with the consent of Congress; he shall receive the annual salary of $8000; he shall have a competent deputy appointed by the Secretary, whose salary shall be $2500 per year, who shall possess the power and perform the duties of the Comptroller during a vacancy in said office or during the absence or inability of the Comptroller. The Comptroller shall employ from time to time the necessary clerks to discharge such duties as he shall direct, which clerks shall be classified by the Comptroller, subject to the direction of the Secretary of the Treasury, which clerks shall be classified in the manner now prescribed by law. Within fifteen days after his appointment he shall take and subscribe the oath of office prescribed by the Constitution and laws of the United States, and shall give to the United States a bond in the penal sum of $100,000, with no less than four responsible securities, to be approved by the Secretary of the Treasury, conditioned for the faithful discharge of the duties of his office. The Deputy Comptroller shall also take said oath of office and give a similar bond in the sum of $50,000. The Comptroller or Deputy Comptroller shall not, either directly or indirectly, be interested in any association doing a banking business under this act.

Sec. 2. And be it further enacted, that the Comptroller of Finance, with the approval of the Secretary of the Treasury, shall devise a seal, with a suitable inscription for his office, a description of which, with the certificate of approval by the Secretary of the Treasury, shall be filed in

the office of the Secretary of State with an impression thereof, which shall thereupon become the seal of office of the Comptroller of Finance, and the same may be renewed when necessary. Every document executed by the Comptroller, in pursuance of any authority conferred on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Comptroller, certified by him to be correct copies of the originals in his office, shall in all cases be evidence equally and in like manner as the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

Sec. 3. And be it further enacted, that there shall be assigned to the Comptroller of Finance, by the Secretary of the Treasury, suitable rooms in the treasury building for conducting the business of the Bureau of Finance, in which shall be safe and secure fireproof and burglar-proof vaults, in which it shall be the duty of the Comptroller to deposit and safely keep all plates not necessarily in the possession of engravers or printers, and other valuable things belonging to his department; and the Comptroller shall, from time to time, furnish the necessary furniture, stationery, fuel, lights and other proper conveniences for the transaction of the said business.

Sec. 4. And be it further enacted, that the Comptroller of Finance, under the direction of the Secretary of the Treasury, is hereby authorized and directed to issue a circulating medium in the name of the United States of America to the amount of $20, in addition to gold and silver coin, per capita, of the population of the census of 1890, ~~and thereafter he shall increase said issue from year to year as nearly as may be ascertained or estimated, by an issue of $15 per capita on the estimated increase of population until each succeeding census.~~ Upon ascertaining each following census, the issue shall be increased to $20 per capita. In order to furnish suitable notes for circulation, the Comptroller of Finance is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and to have printed therefrom on paper or similar material best adapted therefor, and numbered the quantity of circulating notes, of the denominations of $1, $2, $5, $10, $20, $50, $100 and $500, as may be required to supply the issue herein called for. The number of each denomination issued shall be such that the needs of the people shall be best subserved thereby. The notes of each denomination shall be consecutively numbered from No. 1 up; that a duplicate of each denomination and from each successive plate used shall be perforated with the word "duplicate," and carefully preserved for use in the identification of the originals, and for the detection of counterfeits by comparison therewith. Said notes shall express on their face that they are issued by the Government of the United States of America as the circulating medium of the people of the United States. They shall have the written or engraved signatures of the Secretary of the Treasury and of the Comptroller of Finance, and the imprint of the seal of the treasury, and shall bear such other statements and devices as the Secretary of the Treasury shall direct, and shall contain a statement that this note must be surrendered to the Comptroller of Finance in exchange for a new note of similar denomination during the year (stating the year for retiring the same.) Said notes, with gold and silver coin of the United States, shall constitute the legal money of the people of the United States, and shall be received at par in all transactions between the United States and its inhabitants, and between the inhabitants of the United States. The monetary use of gold and silver coin of the United States under existing or future laws is not hereby interfered with, and said notes, gold and silver coin shall be exchangeable at their par value in such manner as shall best subserve the interests of the people.

Sec. 5. And be it further enacted, that it shall be the duty of the Comptroller of Finance to receive worn-out and mutilated circulating notes issued hereunder, and with the Secretary of the Treasury the Comptroller of Finance shall compare said notes with the duplicates thereof on file, and when satisfied that the same are the originals issued under this act, they shall be destroyed by being burned to ashes in the presence of the Secretary of the Treasury and the Comptroller of Finance and such other person as the President shall designate. A permanent book of record of the destruction of such notes with sufficient descriptions thereof shall be kept by the Comptroller of Finance and published in the Bulletin of Finance. After said destructions of said notes, new notes of the same denominations and number shall be issued to the owners of the destroyed notes, of which duplicates shall be kept as hereinbefore provided. Such new notes shall be marked second series or third series as the case may be.

Sec. 6. And be it further enacted, that, in the year following each second census, beginning with the census of 1910, the entire issue of circulating notes shall be retired and destroyed as provided in section 5

herein. And under the provisions of this act a new issue shall be made from new dies and plates and with new designs and shall be substituted for the retired notes. And during the year for retiring said notes, each banking institution doing business hereunder shall, during the months of January, February, March and April forward to the Comptroller of Finance 25 per cent. each month of said notes in its possession, and in exchange therefor the Comptroller of Finance shall issue notes of the said denomination. During the remaining months of the year each of said banking institutions shall monthly forward all of the old issue of notes it may have or receive to the Comptroller of Finance for destruction and exchange. During said remaining months of said year for retiring said old issue, any person or corporation may forward notes of the old issue for destruction and exchange to the Comptroller of Finance. After the expiration of the said year for the retiring of said old issue of notes the said old issue shall cease to be lawful money of the United States, and shall only be received by the Comptroller of Finance for destruction and exchange, and shall be so received until the outstanding old issue is entirely retired and destroyed. The dies and plates used in producing the old issue of notes shall be destroyed by fusing in fire in January of each year of retiring, in the presence of the Secretary of the Treasury, the Comptroller of Finance and some person appointed by the President. A record of the destruction of said plates shall be kept in the office of the Comptroller of Finance.

Sec. 7. And be it further enacted, that for the purpose of putting said notes in circulation the Comptroller of Finance shall be authorized to redeem all outstanding notes or currency of the United States and to receive legally issued bonds of States, counties, incorporated cities of over 3000 inhabitants and public school districts, said bonds to be issued by the States, counties, cities and districts for a valuation not to exceed 5 per cent. of the average assessed value of the real estate in said State, county, city or district, for the five years preceding the issuance of said bonds, deducting from the said issue of bonds the par value of any other outstanding bonds issued by said State, county, city or district; said bonds shall be a lien on all real estate in said State, county, city or district, and shall bear interest at the rate of 1 per cent. per year, and shall not run to exceed twenty years. The interest shall be payable annually to the Comptroller of Finance at Washington, and an annual sinking fund shall be provided sufficient to liquidate said bonds at or before maturity. The public issuance of such bonds, their delivery to the Comptroller of Finance and the receipt of the circulating notes therefor shall be deemed conclusive evidence of the legal issuance and validity of said bonds, and thereafter no defense shall be set up to the payment of principal and interest, or to the levying and collecting of taxes therefor. All objections or defense to the issue of said bonds must be made by the parties interested prior to the delivery thereof to the Comptroller of Finance, otherwise they are forever waived and barred as a defense.

If said State, county, city or district shall fail or neglect at any time to levy and collect a sufficient tax to meet the obligations of said bonds, there shall be immediately due and payable to the Comptroller of Finance a tax on the real and personal property in said State, county, city or district, in default on its last assessment roll, sufficient to meet said payments and costs of collecting the same, and the same shall be collected by any person or persons appointed therefor by the Comptroller of Finance, who shall have power, where said tax is not paid within thirty days after it is levied, to collect the same by seizure and sale upon warrant issued by any judge ex parte of any court of original jurisdiction, State or national, having jurisdiction of the property. The United States may become the purchaser of such property. Redemption may be made within one year after sale by paying the amount due on the sale and interest thereon at 10 per cent.

Sec. 8. And be it further enacted, that associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five, who shall enter into articles of association which shall specify in general terms the proposed name of the association, the object for which the association is formed, and the proposed capital stock; and may contain any other provisions not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs, which said articles shall be signed by the persons uniting to form the association, and a copy of them forwarded to the Comptroller of Finance, to be filed and preserved in his office. Attached to said articles of association shall be a schedule of the real estate offered as security as herein provided, which schedule shall accurately describe said real estate and the improvements thereon, stating in whom the title is vested in fee simple, absolute free of all incumbrances or liens, and giving the yearly assessed value thereof for each separate year for State and county purposes for the five preceding years, which schedule shall be certified to as correct by the

proper keeper of the records of title of said property. Upon receipt of said articles and schedule the Comptroller of Finance shall proceed in whatever manner he deems best to verify the facts set out in said schedule; and when satisfied that the average assessed value for said five years next preceding is at least equal to, and the actual value is at least double the proposed capital stock of said bank, and that the schedule is otherwise correct as to its statements, he shall notify said persons of that fact and of the name approved by him for the association.

Sec. 9. And be it further enacted, that the persons uniting to form such an association shall make a certificate of organization which shall specify:

First—The name assumed by the association.

Second—The place where its operations of discount and deposit are to be carried on, designating the State, Territory or district, and also the particular county and city, town or village.

Third—Its capital stock and the number of shares into which it shall be divided.

Fourth—The names, citizenship and places of residence of the shareholders, and the number of shares held by each.

Fifth—An accurate copy of the schedule of real est te attached to the articles of association provided for in section 8.

Sixth—A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act, and that said real estate is for security as required in this act. The said certificate shall be duly signed and acknowledged by each of said persons in the manner required by the law of the place for acknowledging conveyances of real estate to entitle them to be recorded. When duly certified therefor said certificate shall be recorded in the proper book of record of the county or district in which the real estate is situated; thereafter no lien or claim shall attach to any of said real estate, except such as shall be wholly subordinate to the prior claim under said certificate against said real estate for the purposes of this act. When duly recorded the said certificate shall be transmitted to the Comptroller of Finance, who shall record and carefully preserve the same in his office. Copies of said certificate duly certified by the Comptroller of Finance and authenticated by his seal of office shall be legal and sufficient evidence in all courts and places within the jurisdiction of the Government of the United States of the existence of said association, and of every other matter that could be proved by the production of the original certificate.

Sec. 10. And be it further enacted, that no association shall be organized hereunder with a capital greater than one million dollars or with a less capital than one hundred thousand dollars. Such associations shall be so located as to distribute the funds thereof to the best advantage of the people, provided that in any place where the population does not exceed six thousand the Comptroller of Finance may, in his discretion, and with the approval of the Secretary of the Treasury, allow banks to be established with a capital of not less than fifty thousand dollars.

Sec. 11. And be it further enacted, that whenever a certificate of organization has been received and filed by the Comptroller of Finance, and is found by him to fully comply with the requirements of this act, the Comptroller of Finance shall proceed to investigate in the manner deemed best the personal standing, financial condition and record of the persons seeking to form the association, also the object of the association, the location and value present and prospective of the real estate described in said certificate of organization, and any other facts that may aid him in determining the desirability of such an association and the probable safety of its business affairs and management. The Comptroller of Finance may use such special means as he deems best to safely ascertain the facts above referred to. When it shall appear to the satisfaction of the Comptroller of Finance that the association is lawfully entitled to commence the business of banking with safety to the Government and to the people, he shall issue to such association a certificate under his hand and official seal that such association has complied with all the provisions of this act required to be complied with, and that such association is authorized to commence the business of banking, designating the place of business, fully naming the directors and officers thereof for the first year and its capital stock. The said certificate shall be published in such local newspaper for sixty days as the Comptroller of Finance shall designate. From the date of said certificate said association shall be deemed a body corporate to transact the business of banking hereunder, with the usual rights, powers and duties of banking corporations, and shall exist for the period of twenty years. An impress of its corporate seal shall be filed with the Comptroller of Finance and with the Secretary of the Treasury.

Sec. 12. And be it further enacted, that thereafter upon demand of the said association, the Comptroller of Finance shall issue to said association a warrant on the treasury of the United States, for circulating notes of the Government to the amount of the capital stock of said banking association, which warrant upon presentment, duly indorsed, shall be

paid out of the treasury in the notes issued hereunder.

Sec. 13. And be it further enacted, that the affairs of all associations for banking purposes formed hereunder shall be managed by its board of directors, which may be in legal session on any Monday from 10 a.m. where a quorum is present, and on any other day where, after notice, a quorum may be present, or to which a regular session may be adjourned, a quorum being present. Every director shall be a citizen of the United States during his whole term of service, and at least three-fourths of the directors shall have resided in the State or Territory or district in which such association is located one year next preceding their election or appointment as directors, and shall be residents thereof during their term of office. Each director shall own in his own right at least ten shares of the capital stock of the association. Each director, when elected or appointed, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act, and that he is the bona fide owner in his own right of ten shares of the capital stock of the association, standing in his own name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan, debt or obligation, which oath, subscribed by him and duly certified as required by law, shall be immediately transmitted to the Comptroller of Finance, and by him filed and preserved in his office.

Sec. 14. And be it further enacted, that the directors of any association first appointed shall hold office until their successors shall be elected and qualified. All elections shall be held on the second Tuesday of January of each year, and the directors as elected shall hold their places until their successors are elected and qualified. Any vacancy occurring by reason of a director ceasing to own the required amount of stock, or from any other cause, shall be filled by appointment by the board. If from any cause an election shall not be held at the time designated, it may be held on any subsequent day by publishing thirty days' notice thereof in a local daily paper.

Sec. 15. And be it further enacted, that in all meetings of the stockholders each share of stock shall be entitled to one vote on all questions. Shareholders may vote by proxies, duly authorized in writing. None but shareholders can use or hold a proxy.

Sec. 16. And be it further enacted, that the shares of stock may be transferred on the books of the association in such manner as may be prescribed in the bylaws of the association. No transfer shall be made of stock where the holder is indebted to the association in any manner, but the association has a lien on all of its stock for such indebtedness. Every person becoming a shareholder by transfer or otherwise shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies and securities of the existing creditors of the association shall be impaired. The shareholders of each association formed under the provisions of this act, and of each existing bank or banking association that may accept the provisions of this act, shall be held individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such associations to the extent of the amount of their stock therein at par thereof, in addition to the amount invested in such shares.

Sec. 17. And be it further enacted, that the capital stock of any association formed hereunder may be increased or decreased within the limits fixed for the capital stock by this act by a two-thirds vote of its shareholders at any annual meeting in January. The increase or decrease of capital stock shall be made by complying with the requirements of this act as to the formation of such associations in the first instance, and by complying with such additional requirements as the Comptroller of Finance may deem best to secure the interests of all parties concerned; provided, that in the decrease of the capital stock the association so decreasing its capital stock shall surrender to the Comptroller of Finance circulating notes to the amount of the decrease. In such cases the Comptroller of Finance may in his discretion release from the effect of this act a pro rata of the real estate described in the certificate of organization. But this shall only be done in cases where the Comptroller of Finance shall find the association to be solvent. The maximum or minimum of such increase or decrease shall be determined by the Comptroller of Finance. Any association organized hereunder may close up its business and dissolve its organization by a vote of its shareholders had at the annual meeting in January. In such cases the association must first settle all of its outstanding obligations and return to the Comptroller of Finance circulating notes to the amount of its authorized capital stock. The Comptroller of Finance, upon receipt of a statement of the foregoing facts duly authenticated by the directors of said association under oath, shall fully investigate the matters pertaining thereto, and upon being satisfied that all obligations of

said association are fully satisfied and discharged, shall cause said statement to be published for at least sixty days in a local newspaper, and shall also cause a notice thereof to be inserted in the United States Bulletin of Finance for the same period. If any objections to the dissolution is filed with the Comptroller of Finance before the expiration of said sixty days he shall determine and adjust any matters therein objected to; when so adjusted, or if no objections are filed with him, he shall issue a certificate dissolving said association and releasing the real estate described in the certificate of organization from any further claim or demand thereon. Said certificate of dissolution shall be by him duly signed, sealed and acknowledged so as to entitle the same to record in the office where the certificate of organization was recorded. The Comptroller of Finance shall duly record said certificate of dissolution in his office, and thereafter shall transmit the same to said association upon the same being duly recorded in the office where the certificate of organization was recorded. The association shall thereby be completely dissolved.

Sec. 18. And be it further enacted, that if at any time the value of the real estate described in the certificate of organization shall depreciate in value, to be decided by the Comptroller of Finance, he may require any portion of the circulating notes of the association's capital stock to be surrendered to the Comptroller of Finance, or he may require further real estate security as in the original formation of the association. Should the Comptroller of Finance at any time deem the affairs of said association unsafe from any cause, he may appoint a special agent or agents under his hand and seal of office, who shall have power to inspect all the affairs of said association and to close up its affairs to the best possible advantage to all parties interested. To this end he shall have power to bring or defend any suit in the name of the association and to sell at public or private sale any or all of the real estate described in the certificate of organization, and to execute proper conveyances thereof, and use the proceeds to close up the affairs of the association. He shall also have power to collect from the stockholders the amount for which they are responsible under this act and to use the same to close up the accounts. He shall give such bonds for faithful performance of his duties hereunder as the Comptroller of Finance may require. His certificate of appointment shall be duly acknowledged and recorded as the other certificates are required to be. The Government shall be a preferred creditor in all such cases as are provided for in this section.

Sec. 19. And be it further enacted, that the directors may semi-annually declare dividends from the net profits of the association, but such association, before it shall declare a dividend, shall carry at least 10 per cent. of its net profits to a reserve fund until said reserve fund shall equal the capital stock of said association.

Sec. 20. And be it further enacted, that it shall be lawful for any association hereunder to purchase, hold and convey real estate as follows:

First—Such as shall be necessary for its immediate accommodation in the transaction of its business.

Second—Such as shall be mortgaged to it in good faith by way of security for debts previously contracted or for loans made thereon.

Third—Such as shall be conveyed to it in satisfaction of debts previously incurred in the course of its dealings.

Fourth—Such as it shall purchase at sales under judgments, decrees or mortgages held by the association, or shall purchase to secure debts due to said association. Such association shall not purchase or hold real estate for any other purpose than as herein specified; provided, that all such real estate acquired other than for the purpose of the business of the association shall be sold within five years after it is obtained by the association.

Sec. 21. And be it further enacted, that each association may charge a rate of interest not to exceed 4 per cent. per year. Each association shall keep on hand in cash an amount equal to at least 25 per cent. of the amount of its deposits. When this reserve amount shall fall below said percentage, no more dividends or loans shall be made until the amounts called in shall restore said percentage.

Sec. 22. And be it further enacted, that every association hereunder shall make to the Comptroller of Finance a report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, which report shall, among other things, exhibit in detail, and under appropriate heads, the resources and liabilities of the association, and the last assessment valuation of its real estate, before the commencement of business on the morning of the first Monday of the months of January, April, July and October of each year, and shall transmit the same to the Comptroller of Finance within five days thereafter, and any bank failing to transmit such report shall be subject to a penalty of $100 for each day after said five days that said report is delayed beyond that time. The Comptroller shall cause abstracts of said reports to be published in the United States Bulletin of Finance, and the separate report of each association shall be published by

the association in a local daily newspaper for at least one week. Said association shall forward, with each quarterly report, one-fourth of one per cent. of its capital stock as interest thereon; and in case of default in the payment thereof by any association, said interest may be collected in the manner provided for the collection of United States duties of other corporations. In addition to the quarterly reports required herein every association shall, on the first Tuesday of each month, make to the Comptroller of Finance a statement, under oath of the president or cashier, showing the condition of the association making such statement in respect to the average amount of loans and discounts, specie and circulating notes on hand belonging to the association, clearing-house certificates, deposits and such other matters as the Comptroller of Finance may require.

Sec. 23. And be it further enacted, that no association shall make loans or discounts on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall be sold within six months from the time of its purchase. But no such purchase or sale shall relieve the former owner thereof from his pro rata of responsibility for all debts incurred by the association prior to sale and transfer to a new purchaser in good faith.

Sec. 24. And be it further enacted, that no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital stock or reserve fund. And if any losses shall at any time have been sustained by any such association equal to or exceeding its undivided profits then on hand in cash, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts, and 10 per cent. for the reserve fund. And all debts due any association, on which the interest is past due and unpaid for a period of six months, unless the same shall be well secured, and shall be in process of collection, shall be considered bad debts within the meaning of this act.

Sec. 25. And be it further enacted, that the president and cashier of every such association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each, in the office where its business is transacted; and such list shall be subject to public inspection during business hours of each day in which business may be legally transacted. A copy of said list shall be sent with each quarterly report to the Comptroller of Finance.

Sec. 26. And be it further enacted, that the directors of any bank incorporated under any national or State law may, upon the authorization of the owners of two-thirds of the capital stock in writing, duly signed and acknowledged, avail themselves of the provisions of this act, and become a national association under their corporate name by complying with the provisions of this act, the said directors being by said vote authorized to execute all papers relating thereto. Any matters not herein provided for in such cases shall be adjusted by the Comptroller of Finance in accordance with the spirit and intention of this act.

Sec. 27. And be it further enacted, that all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them; and the Secretary of the Treasury shall require of the association thus designated satisfactory security in real estate for the safe-keeping and prompt payment of public funds deposited with them, and for the faithful performance of their duties as financial agents of the Government.

Sec. 28. And be it further enacted, that all transfers of any of the assets or any part thereof of any association doing business hereunder, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of it as assets in the manner prescribed in this act, or with a view to the preference of one creditor to another, shall be null and void.

Sec. 29. And be it further enacted, that any director, officer or employé of any association organized hereunder, who shall knowingly violate, or permit any of such persons to violate the provisions of this act, shall be removed forthwith from his position by the proper authority of the association, or by the order of the Comptroller of Finance. And any director, officer or employé of such association who shall so transact the business of such association, or any part of it, as to intentionally defraud the association or any one else, or with the intention to deceive or mislead any officer of the association, or any agent appointed to examine the affairs of any such association, shall be

deemed guilty of a misdemeanor and upon conviction thereof shall be punished by imprisonment for not more than ten years.

Sec. 30. And be it further enacted, that all suits and proceedings arising out of the provisions of this act, in which the United States or its agents or officers shall be parties, shall be conducted by the district attorneys of the several districts, under the direction and supervision of the Solicitor of the Treasury. And that all suits or actions arising under the provisions of this act may be had in any circuit, district or Territorial court of the United States held within the district in which such association may be established, or in any State, county or municipal court, in the jurisdiction of which said association is established which has jurisdiction in similar cases.

Sec. 31. And be it further enacted, that if any person shall falsely make, forge or counterfeit, or cause or procure to be made, forged or counterfeited, or willingly aids or assists in forging or counterfeiting any note in imitation of or purporting to be in imitation of the circulating notes issued under the provisions of this act, or shall pass, utter or publish, or attempt to pass, utter or publish any false, forged or counterfeited note purporting to be issued under the provisions of this act, knowing the same to be falsely made, forged or counterfeited, or shall falsely alter or cause or procure to be falsely altered, or willingly aids or assists in falsely altering any such circulating notes issued under the provisions of this act, or shall pass, utter or publish, or shall attempt to pass, utter or publish as true any falsely altered or spurious circulating notes issued, or purporting to have been issued under the provisions of this act, knowing the same to be falsely altered or spurious, every such person shall be deemed and adjudged guilty of a felony, and being thereof convicted, shall be sentenced to be imprisoned and kept at hard labor for a period of not less than five years nor more than twenty years, and fined in a sum not exceeding $1000.

Sec. 32. And be it further enacted, that if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any plate, die or block after the similitude of any plate, die or block, from which any circulating notes, issued as aforesaid, shall have been prepared or printed, with intent to use such plate, die or block, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any blank notes engraved and printed after the similitude of any notes issued as aforesaid, with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any paper adapted to the making of such notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept at hard labor for a term not less than five nor more than twenty years, and fined in a sum not exceeding $1000.

Sec. 33. And be it further enacted, that the Comptroller of Finance shall cause to be prepared each month concise information showing the amount of circulating notes issued during the preceding month, and the amount as near as may be of circulating notes, gold and silver coin, in each State, Territory, district and in the principal cities of the United States, and also the amount in the various vaults or treasuries of the United States; also the amount expended by the Government in each State, Territory or district. It shall also contain the name of each bank, the amount of its capital stock, its reserve fund and its losses for the preceding month, and such other information as shall be deemed of sufficient value to the financial interest of the people to be published. Such information shall be published monthly by the Department of Printing, in pamphlet form, of convenient size for permanent binding in book form. One copy of each issue shall be sent monthly to each of the following parties: To each association doing business hereunder, to the President and each member of his Cabinet, to each member of Congress and to such other officers of the Government as the Comptroller of Finance may direct; also to the Governor of each State, Territory or district, and to each public library, university or college applying therefor. Any person may have a copy forwarded to his address for one year by first forwarding to the Comptroller of Finance the sum of one dollar. All subscriptions shall end with the December number of each year. Subscriptions made during the year shall be at the rate of ten cents per copy for the remaining months of the year.

Sec. 34. And be it further enacted, that as the circulating medium shall accumulate in the treasury of the Government from revenue or otherwise, it shall be returned to circulation among the people in addition to the ways hereinbefore specified, by paying the current expenses of the Government; by the purchase of suitable grounds and the erection thereon of suitable buildings for postoffices and other uses of the

Government; by the construction of such other works as shall be deemed by Congress for the best interests of the public. The expenditures shall be made annually, in each State, Territory or district, as nearly as may be, in proportion to the number of its inhabitants, provided that States already supplied with public buildings shall not receive additional expenditures until the other States, Territories or districts shall have had their equal proportions. All public work shall be done by days' labor, at the rate of $1.50 per day for eight hours' work for common labor. A less rate shall be paid where the laborer is not able to perform a reasonable day's work. The expenditures hereunder shall be as directed from time to time by Congress.

Sec. 35. And be it further enacted, that all notes issued hereunder and all money received by the Comptroller of Finance hereunder shall be deposited in the treasury of the United States. And the Comptroller of Finance shall keep an itemized account of the sources from which received, with the dates thereof.

Sec. 36. And be it further enacted, that all improvements on property described in the certificate of organization shall be kept insured by the association to the full amount of its assessed value, payable to the Comptroller of Finance, and all insurance on such property, in whatever name insured, shall, in case of loss, be paid by the insurance company to the Comptroller of Finance, to be by him disposed of, with the consent of the Secretary of the Treasury, as they may deem best in the interest of the various parties concerned.

Sec. 37. And be it further enacted, that it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except as herein provided, and in accordance with the true intent and meaning of this act. And any officer who shall violate the provisions of this section shall be deemed guilty of a high misdemeanor, and on conviction thereof shall be punished by a fine not exceeding double the amount so countersigned and delivered, and imprisonment for not less than one year and for not exceeding fifteen years.

Sec. 38. And be it further enacted, that if the directors of any association shall knowingly violate, or knowingly permit any of the officers, agents or servants of the association to violate any of the provisions of this act, all the rights, privileges and franchises of the association derived from this act shall be thereby forfeited. Such violations shall be first determined and adjudged by a proper circuit, district or Territorial court of the United States, in a suit brought for that purpose in the name of the Comptroller of Finance, which decree shall adjudge the association dissolved. Thereupon the affairs of the association shall be closed up by the Comptroller of Finance, and in case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person, shall have sustained in consequence of such violation. Such directors shall thereafter be disqualified for the office of director in any association formed hereunder. And any president, director, cashier, teller, clerk or agent of any association, who shall embezzle, abstract or wilfully misapply any of the moneys, funds or credits of the association, or shall, without authority from the directors, issue or put forth any certificate of deposit, draw any order or bill of exchange, make any acceptance, assign any note, bond or draft, bill of exchange, mortgage, judgment or decree, or shall make any false entry in any book, report or statement of the association, with intent, in either case to injure or defraud the association, or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by imprisonment not less than one and not more than ten years.

Sec. 39. And be it further enacted, that the Comptroller of Finance, with the approbation of the Secretary of the Treasury, as often as shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association formed hereunder, which person or persons shall not be a director or other officer or employé in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full, detailed report of the condition of the association to the Comptroller. And the associati n shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery, and every person appointed to make such examinations shall receive for his services at the rate of $5 for each day employed by him in such examination, and $2 for each twenty-five miles he shall necessarily travel in the performance of his duty.

Sec. 40. And be it further enacted, that persons holding stock as executors, guardians, administrators or trustees shall not be personally subject

to any liabilities as stockholders, but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward or person interested in said trust funds would be if they were respectively living and competent to act and hold the stock in their own hands.

Sec. 41. And be it further enacted, that hereafter no associations for the purpose of banking shall be formed except under the provisions of this act, and all banking institutions now formed under the provisions of prior acts of Congress shall be allowed to continue under such acts until their proper term of existence has expired.

Sec. 42. And be it further enacted, that the present Comptroller of Currency shall hereafter be known as the Comptroller of Finance under this act, and under such name shall, with the bureau now established, perform all duties required under the various acts of Congress relating to currency or a circulating medium.

Sec. 43. And be it further enacted, that all acts or parts of an act in conflict with the provisions of this act are hereby repealed, and Congress may at any time amend, alter or repeal this act.

This Act should be based on a Constitutional Amendment to assure stability and confidence, substantially as follows:

ARTICLE XVI.

Section 1. A national currency circulating medium shall be issued to the amount of twenty dollars per capita, as shown by the census of 1890, and by each succeeding census, for the proper redemption of which when required, the resources, the property and the faith of the nation are pledged: for which redemption, Congress, by a two-thirds vote of each House, may provide for the collection of Government revenues and taxes in gold or silver coin.

Sec. 2. Said currency, with gold and silver coin of the United States, or such notes as may be issued in lieu of gold or silver coin exclusively for the redemption thereof, shall constitute the only legal money of these United States, and shall be received at par in payment of all obligations within the jurisdiction of the United States. Said gold and silver coin and currency shall be exchangeable at par value.

Section 3. Congress shall have power to enforce this Article by appropriate legislation, but shall have no power to increase or decrease said issue; provided, that after the issue of 1890, Congress may, by a two-thirds vote of each House, reduce the rate of any further issue per capita from time to time.

A NATIONAL CURRENCY,

SUPPLEMENTAL TO THE USE OF GOLD AND SILVER,

BASED ON A CONSTITUTIONAL AMENDMENT.

No Inflation, No Contraction.

REDEMPTION WHEN REQUIRED.

—BY—

R. M. WIDNEY,

Of Los Angeles, Cal.

FOURTH ISSUE.

ACCOMPANIED BY FULL TEXT OF PROPOSED LAW

AND

CONSTITUTIONAL AMENDMENT.

Either our circulating medium must be increased sufficiently to meet the wants of our growing country, or the business of the country must be killed off until it is within the compass of our present circulation.

LIBRARY OF THE UNIVERSITY OF CALIFORNIA

January 15, 1891.

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PREFACE.

The following pages are designed to furnish facts and suggestions to aid in the solution of the present financial emergency.

A NATIONAL CURRENCY

BASED ON A CONSTITUTIONAL AMENDMENT.

No Inflation, no Contraction—Redemption when Required.

By R. M. WIDNEY, of Los Angeles, Cal.

DANGER!

The total amount owing by (8,055) all the banking institutions of the United States to depositors in July, 1890, was $4,603,844,157.

The total *cash* in all of these banks at the same date, was:—

Gold coin	$99,811,011
Silver, nickels, foreign coin, etc	28,811,478
Paper money	349,694,405
Total	$478,316,694

Ten cents on the dollar on hand to pay depositors on demand!

If gold were the only legal tender, there would be on hand only *about* 2 *cents on the dollar* for depositors!

Or if gold and silver were combined, it would give less than .03 cents on the dollar!

By using gold, silver and coin certificates on the United States Treasury, there would be only about 5 cents on the dollar in cash for depositors.

At the same date these banks had loaned out to the people, $3,893,951,799.

There were then about $957,746,248 scattered in the hands of 62,000,000 people. This represents only about 25 cents on the dollar for the people to pay on their loans to the banks. But most of the outstanding money is in the hands of parties not debtors to banks.

It may be safely estimated that the people could not pay the banks 10 cents on the dollar in cash; neither could the banks pay over 10 cents on the dollar to depositors.

EFFORTS TO RELIEVE THE STRINGENCY.

The efforts of financial institutions in this respect were very much the same as the general of an army too few in numbers to fight a battle. By rapidly moving a part of his forces from one point to another he tries to maintain strength at one point by weakening some other.

Last September, New York received $5,993,000 from the interior, and the interior took $20,936,000 from New York. August showed also a large loss for that city, while November and December drew millions more to the interior as against vastly smaller sums drawn to New York, so that their reserve ran some $3,000,000 below the limit.

Financial reports constantly contain such statements as these: "Vast sums of

money are moving from Eastern cities to the South and West." "Over $1,000,000 was shipped to the West to-day." "Some $500,000 was transferred to New Orleans to-day." "Over $10,000,000 were used to start new banks in the South this year." "The cotton crop of the South is over $400,000,000 per year." "During the last five years over 17,000 new enterprises have been started in the South, embracing every variety of manufactures."

Some 32,800 miles of railroad were built in the United States during the past four years, at a cost of not less than $3,000,000,000, including rolling stock, etc The money spent in building towns, cities, farms, and in developing the resources of this nation last year is counted only by billions.

New York City used some $300,000,000 for building in 1890.

Some financiers complain of this, and would destroy the greater portion of all this work, thereby throwing out of employment hundreds of thousands of laborers.

It is a strange comment on a financial scheme that, to prevent an increase in volume of money, we must destroy the prosperity of a nation and reduce to starvation or crime the laboring classes.

SUMMARY.

Banking Institutions.

Due depositors	$4,603,844,159
Cash with which to pay *ten cents on the dollar*	478,316,694
Loans	3,893,951 799
Cash in hands of the 62,000,000 people out of which to pay the loans	957,746,248
or about 25 cents on the dollar.	
A partial collection of statistics shows that the volume of business of the United States for the last year was over	45,000,000,000
The money in circulation outside of United States Treasury was for the same year	1,436,062,942

of which over $400,000,000 was held out of circulation as bank reserves, leaving say $1,000,000,000, or 2½ cents on the dollar with which to make exchanges. *And it may be safely estimated that the business of the United States did not have a circulating medium of* 1 *cent on the dollar for actual business.* Gold and silver combined would not give ¼ cent per dollar for business.

A past, present and continuing *stringency* under such conditions is a necessity. *And unless the circulating medium is increased to a sufficient volume to meet the demands of business, business must be killed off until it is within the compass of the volume of money.*

How strange that the opponents of more money should say: "*The cause of the recent stringency in money is the fact that there was too much money. The stringency is now over unless Congress should issue more money.*"

RELATION OF MONEY TO BUSINESS.

Money is used as a means to carry on business, and varies in demand as business increases or decreases. There is a fixed relation between the two which, if disturbed, must cause trouble. As the business, population and area of our country increase the volume of money must increase.

Enterprises cannot be conducted by paying laborers $2 worth of real estate or produce per day. There must be some accepted representative of value to use for exchange, and there must be enough of it. So long as each locality is doing its

best to fill its own shortage by pulling money from some other place that needs it, and so long as banks are drawing it from customers, thereby crushing them, to save the bank, so long as each nation is borrowing and importing money from some other nation, it is useless to say either there is too much or an abundance of money.

INTERNATIONAL MONEY SUPPLY AND DEMAND.

In August last the principal gold and silver coin and bullion was as follows:

Bank of England	$184,600,000
Bank of France	514,500,000
Deutsche Reichsbank	119,000,000
Austro-Hungarian	106,500,000
Amsterdam	51,500,000
Bank of Belgium	83,500,000
Bank of Spain	53,500,000
Total	$1,113,100,000
Total in United States, September	1,153,191,404
	$2,266,591,404

Each of the above nations is short of coin to-day. In October last Austro-Hungary wanted a loan of £20,000,000. Of this the *London Economist*, in October. said: "Where could any country, however good its credit, obtain £20,000,000 at the present time? On Friday last the entire stock of gold in the Bank of England was only £19,609,997. Everybody knows England is *trying hard to get gold.* The Bank of Germany had on October 17th £25,298,000, and wants more. The Bank of France had 51,725,000 francs, but is *unwilling to part with it. The attempt to raise this sum to loan would give rise to the most serious monetary disturbance the world over.*"

As the newer nations rise to higher civilization they draw gold from the supply of older nations; that is, money from the older nations goes into the new ones to develop them. Vast sums have recently gone to Egypt, Portugal, South America, and the South and West of the United States.

These demands and outstanding ones aggregate over $4,400,000,000, *more than double the volume of coin in all the leading nations.*

So closely pressed is each nation, that recently when Russia withdrew £17,000,000 from Baring Bros., it created a money panic that required the combined money of the Banks of England and Scotland to tide over, *and this was only done by the Bank of England borrowing from the Bank of France some* $15,000,000, *which is not yet repaid.* And now France is putting a £36,000,000 loan on the market, which will draw nearly all the French gold out of London. Russia temporarily returned to England, at her request, the £17,000,000 previously withdrawn from Baring Bros.

New York recently drew some $5,000,000 from England, and then the pinch cut further exportations short. Last month San Francisco tranferred $2,500,000 to help New York, and in less than three days the stringency was so severely felt in the former place that the retransfer of money began. The United States Treasury turned out over $200,000,000 to fill the void in the fall months.

In addition to the above, the banks of New York City, Boston and Philadelphia

issued over $30,000,000 of panic certificates to supply the WANT, the SCARCITY of money, and to prevent solvent banks from failing.

In the light of the foregoing, what shall we say of those financiers who have repeatedly and substantially asserted that "*the cause of the recent stringency in money was the fact that there was too much money. The stringency is now over unless Congress should issue more money*"?

FINANCIAL WRECKAGE.

The financial result of the stringency in wreck and ruin is approximately as follows:

Financial failures in the United States, 1890	$190,000,000
Shrinkage in stocks and bonds in New York	300,000,000
In other values it is estimated at not less than	10,000,000,000

Over 100,000 people have been thrown out of employment, and are to-day *silently, patiently waiting for labor and bread.* It is the ominous silence before the storm. Men will not starve in the midst of plenty. *Self-preservation is the first law of nature*, as well as of the Constitution of the United States. Here is fuel enough to make the funereal pyre of the nation, if the torch of Socialism is once fairly applied.

True, this wealth is not destroyed. It has only changed hands. That is, "the poor are poorer, and the rich are richer."

It would seem that the Government is run on the theory that its great work was to protect the money and not the people, as if man was made for the benefit of money, and not money for the benefit of man.

The following demands for large loans are now on the market of the world:

Austro-Hungary	$100,000,000
France	182,000,000
Mexico	40,000,000
Argentine Republic	500,000,000
Other South American States	725,000,000
African Mines, Trust Companies, etc	350,000,000
	$1,897,000,000

Other nations want fully as much more, to say nothing of local demands in each nation.

MORE CIRCULATING MEDIUM.

The world has outgrown its financial systems and money supply. The demand from every place is voiced in one sentence: "We are short of money." Each nation is calling in its supply and bidding for more. In the last decade the whole world has waked up to growth, development, civilization, business and commerce as never before known in the history of the race.

The total supply of gold and silver in the world, coined and uncoined, is about $8,497,011,244, or $5.70 per inhabitant. The average annual product is less than 15 cents per inhabitant per year. The circulating medium of our prosperous civilized nations is: for France, $42 per capita; England and Ireland, $19.49;

United States, $24. The circulating medium of England alone is about $30 per capita.

France is safely and prosperously using $42 per capita, which sum can be taken as a not unsafe amount.

UNITED STATES SYSTEM AND SUPPLY OUTGROWN.

The United States has outgrown both its system and supply. Its present laws constitute only a patch-work. From August 4, 1790, to date all laws on this subject have been to meet special demands, such as the Revolutionary wants, special purchases of territory, current expenses, private banks and bank notes, the emergencies of the War of the Rebellion, redemption of the currency, and payment of the public debt. Only the amended fragments of these laws now exist, and operate out of harmony with the wants of the people.

The *London Times* says: "The whole monetary system of the United States is in a muddle. This condition is due to piecemeal legislation."

THE EXPANSION OF BUSINESS.

The business area of the United States in less than a century has grown from a small area east of the Alleghanies to an area from the Atlantic to the Pacific; from some 3,000,000 people to over 62,000,000; from a few square miles of populated territory to over 3,400,000 square miles; from ox-carts and stage lines to railroads, steamships and telegraphs; from hand-power and tread-mills to all the complicated implements and machinery of the nineteenth century; from business confines to a few cities and towns not distant from each other to thousands of cities, towns and villages scattered over a continent.

Deducting from the total volume the amount in the United States Treasury and in bank reserves, there is not over $15 per capita in circulation. Scattered as this is over such vast area, it cannot be rushed together at any one point to meet an emergency. When drawn to strengthen one point or enterprise, some other one is proportionally weakened.

THE BANKING NATION OF THE WORLD.

As other nations are insufficiently supplied with money for their home use we can expect no help from them. And why should we? Why should we be a money dependency on any nation? We have vast resources in gold, silver and other wealth. No nation is now able to furnish its own money for its people and largely for other nations. There is to-day an opening for the United States to become the banker of the world, as well as for its own people. Why should we let slip this wonderful power among men and among nations? Our national wealth is estimated at $71,000,000,000, and we are still in our infancy. An issue 2 cents on the dollar in currency, secured for redemption by a constitutional amendment pledging the faith and resources of the nation, would give us an issue of about $1,400,000, or $22 per capita in addition to gold and silver, which would give us a total circulation of about $2,500,000,000.

Our people are paying over $50,000,000 yearly as interest and profits on foreign capital. Why should we pay this sum to foreigners, when we can furnish our entire volume of money and pay interest to ourselves? Why are we to consider it a privilege to have foreign capital come in and occupy the place of our own money? Or if we have enough of our own (as some assert), why does nearly $1,500,000,000 of foreign money come in at our solicitation to buy up our best enterprises and

drain our profits abroad? The present invested foreign capital will in about fifteen years draw from us in interest about $1,500,000,000, still leaving us in debt the principal, $1,500,000,000.

THE VOLUME REQUIRED.

Any system adopted by Congress should be ample. Neither inflation nor contraction should remain as elements of disturbance. As our Supreme Court decisions now stand, there is no limit to the power of any Congress to inflate the currency or contract to any extent.

From this power has come the dangers that have wrecked national paper money schemes of the past, and sooner or later will wreck those of the future. A constitutional amendment fixing the volume, *per capita*, and providing for an increase at each census, leaving vested in Congress by a two-third vote of each House the power to omit or decrease additional issue at each census, and pledging our national wealth and honor for redemption when required, would give us a stable currency as well as an elastic currency.

Such an amendment is hereinafter suggested.

The volume should be of such a character that our National Treasury could hold 25 per cent. of it as a reserve, that a similar reserve of 25 per cent. of the total bank deposits of the United States, as shown by statistics, should be provided for. After making a reasonable allowance for destruction and hoarding, there should be an ample allowance for the current business of the people.

The aggregate bank deposits, not counting savings banks, as shown by official report, is about $2,516,179,807. A United States Treasury reserve of 25 per cent. of this would be $629,043,951, using a similar reserve for the National Banks, $629,043,951. These figures would fix the total volume at the aggregate of the deposits.

This would be about $40 per capita, in gold, silver and currency. The French nation has a volume of $42 to $44 per capita, and are prosperous and safe in finances. The figures used by them should not be considered too great for us. Our present gold and silver coin is $1,100,712,432. Deducting this amount from the above suggested volume leaves $1,415,463,375 as the amount to be provided for in currency and new coinage of gold and silver.

The reported yield of our mines last year was: gold, $32,800,000; silver, $46,750,000; total, $79,550,000. Out of this there were used for industrial purposes, of gold, $16,697,000; silver, $8,767,000; total, $25,464,000; balance left for coinage would be $54,086,000 per year. This volume, if coined each year, would give about $20 per capita for the increase of population. This would leave about $1,400,000,000 to be provided for in currency, or say $22 per capita.

NOT ENOUGH GOLD AND SILVER.

The total amount of gold in the United States in coin is $631,801,689; uncoined is $63,063,981; total, $694,865,680, or $11 per capita. The annual product is $32,800,000, or about 50 cents per capita. The annual consumption of gold for the arts in the United States alone is about $16,697,000, balance for coining, 25 cents per capita. It is therefore the maximum of financial stupidity to assert that gold alone can do the financial work.

SILVER.—The total amount of silver in the United States in coin is about $458,134.067; uncoined, is $27,236,440; total, $485,370,497, or about $8 per capita. The annual product is $46,750,000, or 74 cents per capita. The annual consump-

tion of silver in the arts is $8,767,000; balance for coining, per capita, 60 cents. It is apparent, therefore, that silver cannot even approximately meet the demand.

Gold and silver combined could only give about $19 per capita for a circulating medium, with an annual increase of 85 cents per capita for both.

With France using $44 per capita, and England $30, and the United States $24, and each demanding more, it is apparent that the two combined would only yield about three-fourths the volume now in use in the United States, and less than one-half of the amount now used in France with safety.

Upon the issue of this money the Treasury could retire all outstanding paper money, except gold and silver certificates. There would be left a net increase of volume of about $800,000,000. Under Sections 7, 12 and 34 of the accompanying Bill, this volume would soon find its way into the business of the country.

FINANCIAL SUBSTITUTES.

The December report of the the Comptroller of Currency shows that the financial world has been forced for years past to transact about 92 per cent. of the volume of business in checks, Clearing House certificates and other *evidences* of value for want of money. Every promissory note, mortgage and credit is a method or instrument to help increase the volume of money.

What is a United States legal tender note? It is, in money effect, the Clearing House certificate of the nation, backed by the wealth of the nation, good in any clearing house in the United States, instead of a certificate backed by a few banks and only good where they wish to accept it by courtesy. It is the check, signed by the people of the United States, backed by over $71,000,000,000 of the people's wealth, good at any counter of any bank, instead of a private individual's check only good at his own bank and in his own locality. It is the promissory note of the nation, secured by a constitutional mortgage on over 3,400,000,000 acres of land, with the improvements and personal property thereon, valued at $71,000,000,000, payable to bearer, and good to any creditor from any debtor, instead of the private note of a citizen secured by mortgage on a few acres and only good at a discount, or exchangeable for gold or silver, or present coin certificates, to any one who needs coin. It is a representative of value for exchange purposes, mutually agreed upon by 62,000,000 people for their joint benefit.

CURRENCY.

Statistics show, therefore, that the use of gold and silver must be supplemented by paper. This has been done in all historic ages in the form of individual paper obligations, bank obligations and national obligations. The whole class of promissory notes, checks, bills of exchange, drafts, Clearing House certificates, bank notes, national bonds and currency notes are supplemental currency, representative of value for purposes of exchange.

In times of prosperity and confidence business runs far beyond all hitherto furnished national supply of circulating mediums.

What is the result? Individuals try to supplement the demand and issue promissory notes, checks and other private obligations. The banks allow credits, notes, overdrafts, and, as a last resort, "*panic certificates*," *all to supplement and augment the volume* of circulating medium. As they are curtailed, the crash comes, and failures reduce to poverty and ruin those who are first called on to turn their *personal* circulating medium into the *national* medium. And this pro-

cess must continue until the business of the people is *killed off and brought within the volume of the national legal tender.*

The great question before each nation, and especially our own, is to furnish a volume of legal tender backed up by the wealth of the nation, to replace a large amount of the dangerous substitutes of personal and bank notes, checks, drafts, "*panic*" certificates, etc.

Statistics show that over 92 per cent. of the volume of business the past year was forced to be transacted in these lowest and most dangerous forms of a circulating medium.

It is in them the wreck has occurred, and not in the currency. How could we have clearer proof of the insufficiency of the volume of money than by showing that the whole financial crash, every dollar of it, has occurred in those personal and bank substitutes for money? How can we better demonstrate what cure should be than to substitute a national volume of circulating medium backed by the wealth of the nation, a legal tender, in place of the irresponsible individual and bank substitutes, with only the fleeting wealth of the bank or individual back of it?

PRIVATE BANK notes have failed along these lines for want of national backing. The present National Bank system is the best yet devised. But why should our nation issue to these banks a private note secured by bonds deposited with the Government as collateral security for redemption?

What is the use of the National Bank note fifth wheel? Why should not the nation issue its own legal tender, backed by the resources of the nation for redemption, and loan it direct to National Banks on the same bond or other equally safe collateral?

The circulating medium would then be uniform and of known value, the Government always holding a reserve volume sufficient to meet the fluctuating volume demanded by trade in different localities at different seasons of the year.

Sections 8, 9, 10, 11, 12 and 22 of the accompanying proposed law show in *italics* a complete and safe system to meet the actual wants of our nation.

A CONSTITUTIONAL AMENDMENT NECESSARY.

No system of national finance can successfully meet the wants of business unless it is protected from all dangerous contingencies.

The United States Supreme Court first decided, by five Justices to three, that Congress had no constitutional power to make money a legal tender. One of the five resigned, and Congress added one more to the number of the Court, and under the new arrangement, five Justices held, as a war power, it was constitutional, while the original four still held it unconstitutional. Three of those four Justices have died, and now eight out of the nine hold that Congress can, in peace or war, *make anything, in any quantity, a legal tender.*

If the Administration changes, new Justices can hold as did the original, that Congress has no power to make paper money a legal tender. Until that time, Congress can cause inflation or contraction to a dangerous extent. Or, as France did, issue volumes of paper money on a gold basis, and then bisect or quarter the gold dollar so that one dollar in gold would redeem from two to four dollars of the paper issue.

To make the paper money permanently useful, it must have from the first a fixed and permanent value with gold; its volume must be circumscribed with impassable limits; it must be secured by an irrevocable pledge of national faith and

wealth; it must be exchangeable at par for gold or silver, and a legal tender for all debts.

No date need be fixed for redemption; for redemption would only require a new issue to take its place. Provisions for redemption, when required by a two-thirds vote of each House, would be ample.

All of these points would be secured by an amendment about as follows :

CONSTITUTIONAL AMENDMENT.

Article XVI.

Section 1. A national currency circulating medium shall be issued to the amount of twenty dollars per capita, as shown by the census of 1890, and by each succeeding census, for the proper redemption of which when required, the resources, the property and the faith of the nation are pledged ; for which redemption, Congress, by a two-thirds vote of each House, may provide for the collection of Government revenues and taxes in gold or silver coin.

Section 2. Said currency, with gold and silver coin of the United States of present weight and fineness, or such notes as may be issued in lieu of gold or silver coin, held exclusively for the redemption thereof, shall constitute the only legal money of these United States, and shall be received at par in satisfaction of all obligations for the payment of money within the jurisdiction of the United States. Said gold and silver coin and currency shall be exchangeable at par value.

Section 3. Congresss shall have power to enforce this Article by appropriate legislation, but shall have no power to increase or decrease said issue; provided, that after the issue of 1890, Congress may, by a two-thirds vote of each House, reduce the rate of any further issue per capita from time to time.

Underlying a national system of finance, this would give us the best foundation ever yet adopted by any nation. The weight and fineness of our coin dollar could not be varied.

The constitutionality of the medium never could be questioned.

The volume is protected against inflation, contraction or repudiation, and provides for a fixed increase at each census to meet increased population, if required.

It pledges *the resources*, "*the property and the faith* of the nation" for redemption when required.

This represents an issue of 2 cents on the dollar of our national wealth of some 3,400,000,000 acres, and personal property valued at $71,000,000,000.

This is a national first mortgage to secure redemption. With such security the national notes would be considered *gilt edged paper in any market in the world.* They would be received in any nation more readily than Bank of England notes are to-day.

No special call will exist for gold to pay national taxes or revenues.

As gold, silver and currency are exchangeable at par as required, the situation would be about as at present. No one would call for gold or silver, but would take paper money or certificates for the coin, except in a few special cases. For this reason large sums of gold and silver would always lie in the United States Treasury, as at present, ready for any exchange required by business.

This allows the Government to buy gold and silver at market rates for coinage.

The profit between purchase price and coinage value would be the profit of the whole people.

PRESERVE THE NATIONAL BANK SYSTEM.

A bank system in the United States is a commercial necessity. Every individual cannot erect burglar and fire-proof vaults to protect his money. Neither could he employ a set of clerks to keep his accounts and financial exchanges.

The banks to-day use the smallest floor space on which the business could be transacted, and also have their working force reduced to the lowest number. The work could not be done by the Government with any less floor space or with any less number of persons.

Nothing could be gained by destroying the present system, with all of its organized and trained forces, and replacing it with any Government scheme for commercial banking or loaning.

The scope and flexibility of the present system could be vastly improved by some such arrangement as the following:

Allow States, counties and cities of say 5,000 population or over, where they need money for public improvements, to issue 2 per cent. bonds for twenty to thirty years to the amount of 5 per cent. of the assessed value of the real estate. Allow the United States to buy these bonds, prohibiting any contest as to their validity after receipt of the money therefor. Let the Treasurer sell these bonds to any National Bank wishing to purchase them, and allow them or any United States bonds to be used as a deposit security with the United States Treasury on which to draw money when additional sums are required by any bank. The large reserve always held by the United States Treasury would be the fund from which this would be drawn, and to which this would be returned when not needed. This would give a perfect elastic currency to meet all expansions or contractions of season trade. Real estate could also be safely used as a reserve, as shown under the head of Farmers' Alliance Scheme hereafter.

The economic of this plan are that States, counties and cities wanting to borrow money and pay interest could borrow of the people who have the national money to loan, and banks could buy such bonds to use in their system.

Our system of national finances should be so arranged that renewed supplies of money seeking loans in the hands of one class of people could be obtained by that other class requiring the use of money. This can best be done by our Government, which is over 62,000,000 people, issuing a full volume of gold, silver and currency, which is the property of all the people, to be used by them as a representative basis of values for exchange.

A large reserve held idle in its vaults by the Government is for the benefit of the people, to be sent at one time (like a reserve force of an army) to the support of this place and then to other places. This reserve system will meet all demands for an elastic currency.

The people, through the Government issuing and holding this medium of exchange for their own use and benefit, share its profits and losses for the community as a whole.

The only remaining point is to provide a proper means by which the people may obtain the use of this money as needed.

This must be done by banking principles, either applied by the Government or by banks.

If the Government attempts this work, it will require as much floor space as the banks now use, and as many and as able employees as are now engaged by all the banks.

That a profit may arise, the banks are now run on the most economical basis possible.

FARMERS' ALLIANCE SCHEME.

This scheme has some sound points in it. Land can be safely used as a security in the National Bank system as well as bonds. Allowing the title to land at a valuation of, say, its average assessed value for the preceding five years and not to exceed one-half of its cash value to be pledged to the Government under the form of a National Bank incorporation, would give relief to the farming communities. It would substitute a National Bank for a Sub-Treasury; a set of bank officers to manage the loans for a set of Sub-Treasury agents; a responsibility to the Government for large aggregate sums under the bank laws instead of the inspection of thousands of small changing loans. The supervision of the Bank Examiners under present laws as to the solvency of the bank would be all that was required, while the bank officers would supervise all detail business and loans to individuals.

Section 8 of the proposed Bill covers the foregoing points.

Section 22 provides that for the first $100,000 drawn as above, the interest to the nation shall be 1 per cent. The rate increases on larger sums as follows: 2 per cent., 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 10 per cent.

The object of this is to prevent reckless drawing and using at low rates.

The lower rates will develop the legitimate industries of the country. The higher rates will check the wild, rash enterprises of speculation, and furnish means to carry on business with less profit or loss until adjustments occasion regular business routine.

This is the same principle applied the world over in finances. The Bank of England raised its rate of discount. So did other European financial institutions. The same thing was done in New York recently. It is the natural law on the subject for checking speculation without killing off legitimate business, and is here used.

This plan is adopted in the recent German law establishing a system of more liberal and modern financiering.

PRESENT FOUR PER CENT. BOND SYSTEM.

The present bond system, as applied to the use of banks, is a financial absurdity.

For a bank to secure circulating notes of, say, $90,000, its stockholders must take $125,000 cash now in circulation and buy $100,000 in United States bonds, and then depositing them, borrow of the United States $90,000 to use in its business. If the bond element is dropped out, the bank could have used $90,000 of its $125,000 for the same purpose and have $35,000 to start a respectable country bank with.

As an original war scheme, selling bonds by the United States to get money was a necessity. Then allowing them to be used as a basis, in the hands of the owners, to increase the circulating medium was wisdom. But for non-holders to use cash on hand to buy them up at a premium to get back less circulating medium than they cost, *for the avowed purpose of increasing the circulation*, is, to say the least, passing strange.

A NATIONAL BOND.

If at any time, by reason of war, or national purchase of territory, or vast public improvement, the nation needed money, it could issue its bonds as in times

past, and sell them for money to meet the demand. Such bonds would work in under the proposed plan with perfect adjustability.

These bonds again could become, in case of emergency, a basis for a national bank issue, as at present, of bank notes not a legal tender.

FIFTY-YEAR TWO PER CENT. BONDS.

How would this practically work out? The owner of 4 or 4½ per cent. bonds would not exchange them for 2 per cent. bonds at par.

To sell the 2 per cent. bonds and leave the money idle in the Treasury until the 4 per cent. bonds matured, would be to pay double interest. To buy up the 4 per cent. bonds at their premium or interest until due, is just as great a loss. If sold to banks as a basis of note issue, the results are even worse. To illustrate: the United States issues, say, $100,000 in fifty-year 2 per cent. bonds. You wishing to open a National Bank, must take $100,000 cash circulating medium and buy the $100,000 bonds. Next you deposit these bonds with the United States and *get back your* $100,000 *cash for a bank capital, and for fifty years the people, through the Government, pay you* 2 *per cent. per year on the bonds for doing a banking business on your own original* $100,000. That is, at the end of fifty years the United States has paid you $100,000 interest—*for what?* Or if you annually use the interest paid you on your bonds to buy new bonds, so as to make it compound, you will own your original capital, $100,000 + $100,000 interest + about $70,895 bonds bought with interest on interest. Total, $170,895 profit presented to you for doing business on your own money.

On the present banking capital of about $700,000,000 now in the United States, the banks would hold at the end of fifty years $700,000,000 capital + $1,196,-265,000 paid to the banks for *doing business on their own capital.* As the voters are the payors and the banks the payees in the above scheme, there would probably be objections raised.

The bonds do not increase money, but are used to buy money already issued from the people, and in fact *first* contract the circulating medium, and then, as paid out by the United States, only restore it to its former volume, which was too small, and which was futilely attempted to be increased by a bond issue.

If deposited with the United States Treasurer and notes issued to 90 per cent., or even par, there is only restored the amount paid for them.

Or if a new issue is made as at present of National Bank notes, not a legal tender, backed for redemption by the United States, why not abandon the intermediate subterfuge and let the United States issue its legal tender on its own backing at once in place of the bonds? The other system has a strong appearance of an intention to adopt a method whereby the United States shall under a cloak of disguise pay unearned money to a class of persons.

FREE COINAGE OF SILVER

is open to much the same criticism.

Last year the silver product of the United States was worth in commerce $46,000,000, but if coined it was worth $64,000,000, a profit of $18,000,000. The free coinage of silver would seem to make a present of $18,000,000 per year to the owners of mines. If the whole output of silver were bought by the people (the United States) at its commercial value and stored, and certificates issued for its purchase, the profit or loss would be for the benefit of the whole people.

FOREIGN SILVER.

The purchase of foreign silver cannot increase our circulating medium.

The money or certificates we issue are changed into coin and sent abroad to pay for the silver.

This is really increasing foreign circulating medium at the cost of the United States.

KILLING OUR PROSPERITY.

Why do not those who have for years declaimed against too much money suggest a relief measure for the situation as shown by the past twenty years.

Every time our country becomes prosperous, and laborers are employed all over the nation, and our industries are active, and men contentedly at work, we reach an advance prosperity beyond our circulating medium. Then commences a financial rigor, resulting in the death of thousands of prosperous industries, and throwing out of employment tens of thousands of laborers.

Then arises a cry from would-be financiers that the business of the country is overdone.

It cannot be overdone so long as our laboring classes are employed, and clothed and fed thereby. Extensive articles are published to show the building of railroads, city business blocks, etc., etc., is overdoing the business of the country. What would such writers want? Did not all that work furnish labor, food, clothing to hundreds of thousands? What would such persons have done without that employment? The remedy is not to kill off the business but to sustain and increase it. The point at which business begins to break down is when the employers cannot collect payment for material and produce; when the owners of property cannot get money simply because the money is too scarce to be had, not enough to go around.

The remedy is for the nation to periodically increase the circulation to keep pace with the prosperity of the country, and not kill the prosperity to await some slow process of growth of circulating medium.

The owners of property cannot pay day labor in portions of property. But if the owner of property can borrow money on it he can daily pay.

The insufficiency of currency to represent small values prevents the employment of laborers. What there is of the money accumulates most in cities. Hence, to the cities go vast crowds of laborers to find jobs of work. When there is money in the rural districts, the laborers willingly go there. A large volume of circulating medium would therefore supply rural districts with money, and call back again to country life from overcrowded cities.

A PROPOSED BILL.

The accompanying bill is suggested as a comprehensive system to cover our whole finances permanently. The wisdom of Congress will, of course, add improvements.

The Bill is drawn so as to utilize the elements found by long usage to have been best in the systems of the United States, England, Scotland, France and Germany, at the same time providing against the dangers that damaged the finances of past schemes.

There are also new elements introduced to meet peculiar demands and conditions existing in this country. The words in *italic* show wherein the Bill differs from the present law of the United States, taking the Act of June 3, 1864, as substantially embracing the present system.

FINANCES *versus* POLITICS.

The matter is now before Congress, and has the attention of the country. Will Congress content itself with some more legislative patchwork, to temporarily tide over the present, soon to be followed by another financial *rigor?*

If a complete, full, comprehensive system, based on safe constitutional restrictions, executed by a statesmanlike law, is proposed in Congress by either political party, will the other dare oppose it? If neither party is competent to handle the matter, or will not, then the people will receive no campaign pledges on the subject from them. In that case what will be the vantage to the Farmers' Alliance, or a third party?

The people believe that Government, and politics and parties are *means to benefit the people and their property.*

Do not the people now need ample legislation to put the money system in order so as to stop the present widespread ruin, and to give employment to the idle multitudes asking for work, and to build up and develop the vast industries and resources of the nation?

This financial question is the great question of the hour. All past attempts at solution have been on the theory of gold alone, or an effort to keep the supply of money as short as possible. This scheme has worked disastrously, fearfully so, and has to be supplemented by the use of personal notes, checks, drafts, "*panic certificates,*" etc., all non-legal tender, and dangerous substitutes for a *national legal tender note backed by the wealth of* 62,000,000 people, having over $71,000,000,000 of wealth.

Legislative financial relief puts money indirectly in the hands of every voter, and revives the dying industries and development of the nation.

Will any financial legislation that benefits a class of citizens or a particular section of the nation be accepted by the masses as satisfactory?

STORM SIGNALS.

A history of the financial storm would occupy too much space. For those who care to trace its growth we herewith attach a current daily list of "newspaper head-lines" from August to December last. They give a most concise idea of the situation:

"Wall Street wants more money." "The bottom fell out." "Still no bottom." "Another day of surprises on Wall Street." "No cause for alarm, says a prominent N. Y. banker." "The Treasury not inclined to help." "Banks in difficulty." "Jay Gould says the worst is over." "Some of the strongest banks unable to settle." "Saved from ruin; the Rothschilds and Bank of England come to the rescue." "The Secretary pours out nearly $70,000,000 to relieve the situation." "N. Y. Banks issue Clearing House Certificates to relieve the financial strain." "Boston Clearing House issues Certificates; amount *not limited.*" "Philadelphia Clearing House issues Certificates to relieve the stringency; amount *not limited.*" "The Treasury turns loose $163,000,000 in October to relieve the strain." "Prominent N. Y. Bankers say the strain is over and plenty of money." "To-day the streets were full of rumors that more Clearing House Certificates would be issued." "$900,000 more Clearing House Certificates were issued." "The usual announcement was made that the banks had no immediate use for the certificates; that the banks simply took them out to *help the moral sentiment.*" "N. Y. Banks lose money, and prices go to the bad." "N. Y. Banks take out $250,000

more Clearing House Certificates." "The Banks are $2,429,650 below the reserve limit." "The West and the South are calling for more funds." "Money loaned on Wall Street at 200 per cent. over legal rates." "Secretary Windom talks on the situation." "Boston Clearing House issues *more* Certificates." "Gold ordered from London." "N. Y. Bankers say the worst is over, and that after to-morrow the man who will not be satisfied with the situation is very unreasonable." "The Secretary buys $5,000,000 4 per cent." "Three N. Y. Banks to-day took out $1,000,000 Clearing House Certificates." "Total issue, $15,000,000." "The financial stringency." "The cure to be found in wise legislation." "Bonded periods for imports may be extended." "Coal mines shut down, and thousands of men out of employment." "The financial pinch."

"Paris, Berlin and Amsterdam should come to the rescue and send gold to New York."

"Good New York authority says the panic is over."

"More Clearing House Certificates taken out for the relief of the market." "Congress to come to the relief of the money market." "President Harrison will send a message to Congress on Monday urging the issue of more money." "Uneasiness in New York circles." "Up the spout. Steady increase of business failures." "More hopeful." "No doubt a steady improvement in finances." "The financial cyclone continues to interrupt business." "Windom's conference with New York bankers." "Public confidence restored by the prompt action of the Administration." "Bankers recover from their fright." "No cause for uneasiness." "Wide stock fluctuations." "Firms forced to suspend." "Several more bank failures." "The financial strain keeps up." "Germany calls more gold from London." "The Bank of England loses more gold." "Over $200,000,000 have been recently paid out by the Treasury to relieve the market, and the strangest fact is, scarcely a trace of its effect is left." "Secretary Windom says the strange feature is that the stringency is not confined to New York, but exists all over the country." "The shrinkage in stocks and bonds in N. Y. Stock Exchange since last June is over $300,000,000."

December 24, 1890. London, Stat.—"The French funding loan for about £36,000,000 is to come out next month. Their balances will be called in from London by the French banks." "Holland will call also for a large amount of gold." "Germany and Russia will probably call home large sums of gold." "Portugal and Austro-Hungary are seeking a large supply of gold for Government use." "South America, Egypt and Africa are using unusually large quantities of gold."

DANGER AHEAD!

The Czar orders that the killing of Jews in Russia shall cease for three years for financial reasons.

London, January 14. The *Times'* correspondent says: "*The Russian Minister of Finance*, representing *that it was inexpedient to quarrel with the Jews because such a course would offend Jewish bankers, the Czar ordered the application of the anti-semitic laws to be suspended for three years.*"

In the Baring Bros. trouble, Lord Salisbury refused to allow the Bank of England to furnish aid. Thereupon the President of the Bank said to him: "*My Lord, I am instructed to tell you, in case you refuse, that unless the Government comes to the rescue, there is hardly a bank in the United Kingdom that can be relied upon to meet the demand of its creditors* TWENTY-FOUR HOURS AFTER THE DISASTER

WE APPREHEND." Lord Salisbury jumped from his chair as if shot, and ordered the relief.

The Bank of England is indebted over $100,000,000 to-day borrowed money for the panic.

The above are only a few of many samples. If our legislators neglect the signs of the times and neglect action, a fearful financial penalty will be paid for it.

In the next panic and financial crash the nations will not be able to extend aid to each other. The elements of national panic are too widespread, and each one will reserve its funds for self-preservation.

GOLD STANDARD OF VALUE.

There can be only one standard or unit of value, from which other values, by comparison, will be computed for business. Governments can use anything as such standard — copper, lead, or grain — but it is best to use that which is most generally accepted, and which fluctuates least. This has been found by ages of experience to be gold.

While gold should be the standard unit of value, it cannot possibly furnish the needed volume of circulating medium for the nations. The circulating medium must be largely representative of the gold standard. Checks, drafts, certificates, legal tenders, etc., are representative of the standard value, while copper, nickel, and silver are partly representative and partly intrinsic in value.

The difference between the commerical value of copper, nickel and silver and the gold standard represents the faith and ability of the nation to pay the difference.

While the legal tender represents the faith and ability of the nation to pay the full standard value, checks, drafts, etc., only represent the faith and ability of the drawer to pay the standard value. Great confusion and apparent differences exists in the debates, literature, and resolutions of people, owing to the ambiguous use of the words representing these ideas.

The recent resolutions at Faneuil Hall, and the speeches there made, embrace, unfortunately, this error. Quite a stress was placed upon the honest gold dollar. That the laboring man should be paid in gold dollars, etc. Yet, strange to say, none of the laborers are paid in honest gold dollars. They are all paid in paper money, representative of a gold standard. All the banks in this Eastern country pay in paper representative money, and not in honest gold dollars. All the banks in the United States have only about two cents on the dollar in gold to pay depositors.

But they say you can always get gold for the paper dollar. Theoretically you can, practically you cannot, for there are not as many gold dollars with the government and banks combined as there are paper dollars in circulation. Therefore the honest dollar is any representative dollar of the gold standard or unit of value. The whole apparent controversy on the financial question of the United States may safely be asserted to harmonize on this proposition. *One gold standard or unit of value, with copper, nickel, silver, and paper issued by the United States representative of the gold standard, with the faith and ability of the nation pledged to pay the difference for the common good of the people when required, and a sufficient volume of it to fully meet the wants of the people.*

The coinage of silver on the above basis would probably meet the entire approval of the nation, the government buying the silver at its market value, paying therefor in legal tenders, and holding it as an asset. Of course, the only true circulating medium is the paper legal tender representative of the gold standard, with the faith and wealth of the nation back of it. Cannot our Eastern financiers hasten the return of financial prosperity by bringing their resolutions to clearly recognize the differences above indicated?

BOSTON, 1891.

The parts in *italics* show where this Bill differs from present Act of June 3, 1864.

A BILL

TO PROVIDE A NATIONAL CIRCULATING MEDIUM, AND TO PROVIDE FOR THE CIRCULATION THEREOF.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: That there shall be established in the Treasury Department a separate bureau which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and circulation of a national circulating medium. The chief officer of said bureau shall be denominated the Comptroller of Finance, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President of the United States, with the approval of the Secretary of the Treasury, by and with the consent of Congress, and shall hold his office for the term of ten years unless sooner removed by the President with the consent of Congress. He shall receive an annual salary *of eight thousand dollars;* he shall have a competent deputy appointed by the Secretary, whose salary shall be two thousand five hundred dollars per year, who shall possess the power and perform the duties of the Comptroller during a vacancy in said office or during the absence or inability of the Comptroller. The Comptroller shall employ from time to time the necessary clerks to discharge such duties as he shall direct. Such clerks shall be classified by the Comptroller, subject to the direction of the Secretary of the Treasury, which clerks shall be classified in the manner now prescribed by law. Within fifteen days after notice of his appointment he shall take and subscribe the oath of office prescribed by the Constitution and the laws of the United States, and shall give to the United States a bond in the penal sum of one hundred thousand dollars, with not less than four responsible sureties, to be approved by the Secretary of the Treasury, conditional for the faithful discharge of the duties of his office. The Deputy Comptroller shall also take said oath of office, and give a similar bond in the sum of fifty thousand dollars. The Comptroller or Deputy Comptroller shall not, either directly or indirectly, be interested in any association doing a banking business under this act.

SEC. 2. And be it further enacted:

That the Comptroller of Finance, with the approval of the Secretary of the Treasury, shall devise a seal, with suitable inscriptions, for his office, a description of which, with the certificate of approval by the Secretary of the Treasury, shall be filed in the office of the Secretary of State, with an impression thereof, which shall thereupon become the seal of office of the Comptroller of Finance, and the same may be renewed when necessary. Every document executed by the Comptroller, in pursuance of any authority conferred on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Comptroller, certified by him

to be correct copies of the originals in his office, shall in all cases be evidence equally and in like manner as the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

SEC. 3. And be it further enacted:

That there shall be assigned to the Comptroller of Finance, by the Secretary of the Treasury, suitable rooms in the Treasury Building for conducting the business of the Bureau of Finance, in which shall be safe and secure fire-proof and burglar-proof vaults in which it shall be the duty of the Comptroller to deposit and safely keep all plates not necessarily in the possession of engravers and printers, and other valuable things belonging to his department; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, light and other proper conveniences for the transaction of said business.

SEC. 4. And be it further enacted:

That the Comptroller of Finance, under the direction of the Secretary of the Treasury, is hereby authorized and directed to issue a circulating medium in the name of the United States of America *to the amount of* $20, *in addition to gold and silver coin, per capita of the population of the census of* 1890. *Upon ascertaining each following census the issues shall be increased to* $20 *per capita.* In order to furnish suitable notes for circulation the Comptroller of Finance is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and to have printed therefrom, on paper or similar material best adapted therefor, and numbered, the quantity of circulating notes, of the denominations of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars and five hundred dollars, as may be required to supply the issue herein called for. *The number of each denomination in use shall be such that the needs of the people shall be best subserved thereby. The notes of each denomination shall be consecutively numbered from No.* 1 *up. That a duplicate of each denomination and from each successive plate used shall be perforated with the word "duplicate," and carefully preserved for use in the identification of the originals, and for the detection of counterfeits, by comparison therewith. Said notes shall express on their face that they are issued by the Government of the United States of America as the circulating medium of the people of the United States. They shall have the written or engraved signatures of the Secretary of the Treasury, and of the Comptroller of Finance, and the imprint of the seal of the Treasury, and shall bear such other statements and devices as the Secretary of the Treasury shall direct, and shall contain a statement that "This note must be surrendered to the Comptroller of Finance in exchange for a new note of similar denomination during the year" (stating the year for retiring the same). Said notes, and gold and silver coin of the United States, shall be received at par, in payment of all obligations within the jurisdiction of the United States for the payment of money. The monetary use of gold and silver coin of the United States under existing laws is not hereby interfered with, and said notes, gold and silver coin shall be exchangeable at their par value, in such manner as shall best subserve the interests of the people.*

SEC. 5. And be it further enacted:

That it shall be the duty of the Comptroller of Finance to receive worn out and mutilated circulating notes issued hereunder, and with the Secretary of the Treasury the Comptroller of Finance shall compare said notes with the duplicates thereof on file, and when satisfied that the same are the originals issued under this act, they shall be destroyed by being burned to ashes in the presence of the Secretary of the Treasury and the Comptroller of Finance and such other person as the President shall designate. A permanent book of record of the destruction of such notes, with

sufficient descriptions thereof, shall be kept by the Comptroller of Finance and published in the *Bulletin of Finance*. After said destructions of said notes, new notes of the same denominations and number shall be issued to the owners of the destroyed notes, of which duplicates shall be kept as hereinbefore provided. Such new notes shall be marked second series or third series as the case may be.

SEC. 6. And be it further enacted:

That in the year following each second census beginning with the census of 1910, *the entire issue of circulating notes shall be retired and destroyed as provided in section* 5 *herein. And under the provisions of this act a new issue shall be made from new dies and plates and with new designs, and shall be substituted for the retired notes, and during the year for retiring said notes each banking institution doing business hereunder, shall during the months of January, February, March and April forward to the Comptroller of Finance* 25 *per cent. each month of said notes in its possession, and in exchange therefor the Comptroller of Finance shall issue notes of the same denomination. During the remaining months of the year each of said banking institutions shall monthly forward all of the old issue of notes it may have or receive to the Comptroller of Finance for destruction and exchange. During said remaining months of said year for retiring said old issue any person or corporation may forward notes of the old issue for destruction and exchange to the Comptroller of Finance. After the expiration of the said year for the retiring said old issue of notes, the said old issue shall cease to be lawful money of the United States, and shall only be received by the Comptroller of Finance for destruction and exchange, and shall be so received until the outstanding old issue is entirely retired and destroyed.* The dies and plates used in producing the old issue of notes shall be destroyed by fusing in fire in January of each year retiring, in the presence of the Secretary of the Treasury, the Comptroller of Finance, and some person appointed by the President. A record of the destruction of said plates shall be kept in the office of the Comptroller of Finance.

SEC. 7. And be it further enacted:

That for the purpose of putting said notes in circulation the Comptroller of Finance shall be authorized to redeem all outstanding notes or currency of the United States, and to buy legally issued bonds of the states, counties, incorporated cities of over 3,000 *inhabitants, and public school districts, said bonds to be issued by said states, counties, cities and districts, for a valuation not to exceed five per cent. of the average assessed value of the real estate in said state, county, city or district, for the five years preceding the issuance of said bonds, deducting from the said issue of bonds the par value of any other outstanding bonds issued by said state, county, city or district. Said bonds shall be a lien on all real estate in said state, county, city or district, and shall bear interest at the rate of two per cent. per year, and shall not run to exceed twenty years. The interest shall be payable annually to the Comptroller of Finance at Washington, and a sinking fund shall be provided in each case sufficient to liquidate said bonds at or before maturity. The public issuance of such bonds, their delivery to the Comptroller of Finance, and the receipt of the circulating notes therefor shall be deemed conclusive evidence of the legal issuance and validity of said bonds, and thereafter no defense shall be set up to the payment of principal or interest, or to the levying and collecting of taxes therefor. All objections or defense to the issue of said bonds must be made by the parties interested prior to the delivery thereof to the Comptroller of Finance, otherwise they are forever waived and barred as a defense. Said bonds may be sold by the Comptroller, and such bonds or any United States bonds may be deposited at par as reserve security by banks in the same manner as provided for real estate herein.*

If said state, county, city or district shall fail or neglect at any time to levy and collect a sufficient tax to meet the obligations of said bonds, there shall be immediately due and payable to the Comptroller of Finance a tax on the real and personal property in said state, county, city or district in default on its last assessment roll sufficient to meet said payments and costs of collecting the same; and the same shall be collected by any person or persons appointed therefor by

the Comptroller of Finance, who shall have power where said tax is not paid within thirty days after it is levied to collect the same by seizure and sale upon warrant issued by any judge ex parte of any court of original jurisdiction, state or national, having jurisdiction of the property. The United States may become the purchaser of such property. Redemption may be made within one year after sale by paying the amount due on the sale and interest thereon at ten per cent.

SEC. 8. And be it further enacted:

That associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five, who shall enter into articles of association, which shall specify in general terms the proposed name of the association, the object for which the association is formed, and the proposed capital stock; and may contain any other provisions not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs, which said articles shall be signed by the persons uniting to form the association, and a copy of them forwarded to the Comptroller of Finance, to be filed and preserved in his office. Attached to said articles of association shall be a schedule *of the bonds or real estate offered and known as "the reserve security" as herein provided for, which schedule shall accurately describe said bonds, and real estate and the improvements thereon, stating in whom the title is vested in fee simple absolute, free of all incumbrances or liens, and giving the yearly assessed value thereof for each separate year for state and county purposes for the five preceding years, which schedule shall be certified to as correct by the proper keeper of the records of title of said property.* Upon receipt of said articles and schedule, the Comptroller of Finance shall proceed in whatever manner he deems best to verify the facts set out in said schedule; and when satisfied that the average assessed value for said five years next preceding is not in excess of half of the actual value of said real estate, and that the schedule is otherwise correct as to its statements, he shall notify said persons of that fact and of the name approved by him for the association.

SEC. 9. And be it further enacted:

That the persons uniting to form such an association shall make a certificate of organization, which shall specify:

First.—The name assumed by the association.

Second.—The place where its operations of discount and deposit are to be carried on, designating the state, territory or district, and also the particular county and city, town or village.

Third.—Its capital stock, and the number of shares into which it shall be divided.

Fourth.—The names and places of residence of the shareholders, and the number of shares held by each.

Fifth.—An accurate copy of the schedule of *bonds or real estate attached* to the articles of association provided for in section 8.

Sixth.—A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act, and that said *real estate is for security as required in this act.*

The said certificate shall be duly signed and acknowledged by each of said persons, in the manner required by the law of the place for acknowledging conveyveyances of real estate, to entitle them to be recorded. *When duly certified*

therefor said certificate shall be recorded in the proper book of record of the county or district in which the real estate is situated; thereafter no lien or claim shall attach to any of said real estate, except such as shall be wholly subordinate to the prior claim under said certificate against said real estate for the purposes of this act. When duly recorded the said certificate shall be transmitted to the Comptroller of Finance, who shall record and carefully preserve the same in his office. Copies of said certificate, duly certified by the Comptroller of Finance and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the jurisdiction of the Government of the United States of the existence of said association and of every other matter that could be proved by the production of the original certificate.

SEC. 10. And be it further enacted:

That no association shall be organized hereunder with a "reserve security" greater than one million dollars, or with a less "reserve security" than twenty-five thousand dollars, nor with a capital stock of less than fifty thousand dollars.

SEC. 11. And be it further enacted:

That whenever a certificate of organization has been received and filed by the Comptroller of Finance, and is found by him to fully comply with the requirements of this act, the Comptroller of Finance shall proceed to investigate in the manner deemed best the personal standing, financial condition and record of the persons seeking to form the association, also the object of the association, the location and value, present and prospective, of the real estate described in said certificate of organization, and any other facts that may aid him in determining the desirability of such an association and the probable safety of its business affairs and management. The Comptroller of Finance may use such special means as he deems best to safely ascertain the facts above referred to. When it shall appear to the satisfaction of the Comptroller of Finance that the association is lawfully entitled to commence the business of banking with safety to the government and to the people, he shall issue to such association a certificate under his hand and official seal that such association has complied with all the provisions of this act required to be complied with, and that such association is authorized to commence the business of banking, designating the place of business, fully naming the directors and officers thereof for the first year and its capital stock. The said certificate shall be published in such local newspaper for sixty days, as the Comptroller of Finance shall designate. From the date of said certificate said association shall be deemed a body corporate to transact the business of banking hereunder, with the usual rights, powers and duties of banking corporations, and shall exist for the period of twenty years. An impress of its corporate seal shall be filed with the Comptroller of Finance and with the Secretary of the Treasury.

SEC. 12. And be it further enacted:

That thereafter, upon the demand of the said association, the Comptroller of Finance shall issue to said association a warrant on the Treasury of the United States, for circulating notes of the Government to the amount of the said assessed value of said real estate, or the par value of said bonds deposited by said bank, or for any part thereof, as demanded from time to time, which warrants, upon presentment duly endorsed, shall be paid out of the Treasury in the notes issued hereunder. Said sum or any part thereof may, on the first of any quarter of the year, be returned to the Treasury.

SEC. 13. And be it further enacted:

That the affairs of all associations for banking purposes formed hereunder shall be managed by its board of directors, which may be in legal session on any Monday

from 10 A. M. wherein a quorum is present, and on any other day where, after notice, a quorum may be present, or to which a regular session may be adjourned, a quorum being present.

Every director shall be a citizen of the United States during his whole term of service; and at least three-fourths of the directors shall have resided in the state or territory or district in which such association is located one year next preceding their election or appointment as directors, and shall be residents thereof during their term of office. Each director shall own in his own right at least ten shares of the capital stock of the association. Each director, when elected or appointed, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act, and that he is the bona fide owner in his own right of ten shares of the capital stock of the association, standing in his own name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan, debt or obligation; which oath subscribed by him and duly certified, as required by law, shall be immediately transmitted to the Comptroller of Finance and by him filed and preserved in his office.

SEC. 14. And be it further enacted:

That the directors of any association first appointed shall hold office until their successors shall be elected and qualified. All elections shall be held on the second Tuesday of January of each year, and the directors as elected shall hold their places until their successors are elected and qualified. Any vacancy occurring by reason of a director ceasing to own the required amount of stock, or from any other cause, shall be filled by appointment by the board. If from any cause an election shall not be held at the time designated, it may be held on any subsequent day by publishing thirty days' notice thereof in a local daily paper.

SEC. 15. And be it further enacted:

That in all meetings of the stockholders each share of stock shall be entitled to one vote on all questions. Shareholders may vote by proxies, duly authorized in writing. None but shareholders can use or hold a proxy.

SEC. 16. And be it further enacted:

That the shares of stock may be transferred on the books of the association in such manner as may be prescribed in the by-laws of the association. No transfer shall be made of stock where the holder is indebted to the association in any manner; but the association has a lien on all of its stock for such indebtedness. Every person becoming a shareholder by transfer, or otherwise, shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies and securities of the existing creditors of the association shall be impaired. The shareholders of each association formed under the provisions of this act, and of each existing bank or banking association that may accept the provisions of this act, shall be held individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such associations to the extent of the amount of their stock therein, at par thereof, in addition to the amount invested in such shares.

SEC. 17. And be it further enacted:

That the capital stock or *the reserve security* of any association formed here-

under may be increased or decreased within the limits fixed for the capital stock or *the reserve security* by this act by a two-thirds vote of its shareholders at any annual meeting in January. The increase or decrease of capital stock or the *reserve security* shall be made by complying with the requirements of this act as to the formation of such associations in the first instance, and by complying with such additional requirements as the Comptroller of Finance may deem best to secure the interests of all parties concerned, provided *that in the decrease of the reserve security the association so decreasing its reserve security shall surrender to the Comptroller of Finance circulating notes received thereon to the amount of the decrease. In such cases the Comptroller of Finance may, in his discretion, release from the effect of this act a pro rata of the bonds or real estate described in the certificate of organization, but this shall only be done in cases where the Comptroller of Finance shall find the association to be solvent. The maximum or minimum of such increase or decrease shall be determined by the Comptroller of Finance.*

Any association organized hereunder may close up its business and dissolve its organization by a vote of its stockholders had at the annual meeting in January. In such cases the association must first settle all of its outstanding obligations and return to the Comptroller of Finance the circulating notes received on its reserve security. The Comptroller of Finance, upon receipt of a statement of the foregoing facts duly authenticated by the directors of said association under oath, shall fully investigate the matters pertaining thereto; and upon being satisfied that all obligations of said association are fully satisfied and discharged, shall cause said statement to be published for at least sixty days in a local newspaper, and shall also cause a notice thereof to be inserted in the *United States Bulletin of Finance* for the same period. If any objections to the dissolution are filed with the Comptroller of Finance before the expiration of said sixty days, he shall determine and adjust any matters therein objected to; when so adjusted, or if no objections are filed with him, he shall issue a certificate dissolving said association and releasing the bonds or real estate described in the certificate of organization from any further claim or demand thereon. Said certificate of dissolution shall be by him duly signed, sealed and acknowledged so as to entitle the same to record in the office where the certificate of organization was recorded. The Comptroller of Finance shall duly record said certificate of dissolution in his office, and thereafter shall transmit the same to said association upon the same being duly recorded in the office where the certificate of organization was recorded. The association will thereby be completely dissolved.

SEC. 18. And be it further enacted:

That if at any time the value of the real estate described in the certificate of organization shall depreciate in value, to be decided by the Comptroller of Finance, he may require any portion of the circulating notes of the association's reserve security to be surrendered to the Comptroller of Finance, or he may require further real estate security as in the original formation of the association. Should the Comptroller of Finance at any time deem the affairs of said association unsafe from any cause, he may appoint a special agent or agents under his hand and seal of office, who shall have power to inspect all the affairs of said association, and to close up its affairs to the best possible advantage to all parties interested. To this end he shall have power to bring or defend any suit in the name of the association, and to sell at public or private sale any or all of the real estate described in the certificate of organization, and to execute proper conveyances thereof, and use the proceeds to close up the affairs of the association. He shall also have power to collect from the stockholders the amount for which they are responsible under this act, and to use the same to close up the accounts. He shall give such

bonds for faithful performance of his duties hereunder as the Comptroller of Finance may require. His certificate of appointment shall be duly acknowledged and recorded as the other certificates are required to be. The Government shall be a preferred creditor in all such cases as are provided for in this section.

SEC. 19. And be it further enacted:

That the directors may semi-annually declare dividends from the net profits of the association, but such association before it shall declare a dividend shall carry at least ten per cent. of its net profits to a reserve fund until said reserve fund shall equal the capital stock of said association.

SEC. 20. And be it further enacted:

That it shall be lawful for any association hereunder to purchase, hold and convey real estate as follows:

First.—Such as shall be necessary for its immediate accommodation in the transaction of its business and *for its reserve security.*

Second.—Such as shall be mortgaged to it in good faith by way of security for debts previously contracted or for loans made thereon.

Third.—Such as shall be conveyed to it in satisfaction of debts previously incurred in the course of its dealings.

Fourth.—Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate for any other purpose than as herein specified. Provided that all such real estate acquired other than for the purpose of the business of the association shall be sold within five years after it is obtained by the association.

SEC. 21. And be it further enacted:

That each association may charge such rates of interest as may be allowed by local laws where the association is situated. Each association shall keep on hand in cash an amount equal to at least twenty-five per cent. of the amount of its deposits, when the reserve amount shall fall below said percentage. No more dividends or loans shall be made until the amounts called in shall restore the said percentage.

SEC. 22. And be it further enacted:

That every association hereunder shall make to the Comptroller of Finance a report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, which report shall, among other things, exhibit in detail, and under appropriate heads, the resources and liabilities of the association, and *the last assessment valuation of its real estate,* before the commencement of business on the morning of the first Monday of the months of January, April, July and October of each year, and shall transmit the same to the Comptroller of Finance within five days thereafter. And any bank failing to transmit such report shall be subject to a penalty of one thousand dollars for each day after said five days that said report is delayed beyond that time. The Comptroller shall cause abstracts of said reports to be published in the *United States Bulletin of Finance,* and the separate report of each association shall be published by the association in a local daily newspaper for at least one week. Said

ion shall forward, with each quarterly report, one-fourth of one per cent. of the cash used serve security, during the preceding quarter, as interest thereon, on sums not to exceed 0, and one-half of one per cent. on the excess over $100,000 *and less than* $200,000, *and rths of one per cent. on the excess over* $200,000 *and less than* $300,000, *and one per cent. xcess of* $300,000 *and less than* $400,000; *thereafter the rate shall increase one per cent. nal on each additional* $100,000 *used;* and in case of default in the payment , by any association, said interest may be collected in the manner provided collection of United States duties of other corporations. In addition to the ly reports required herein, every association shall, on the first Tuesday of onth, make to the Comptroller of Finance a statement under oath of the nt, or the cashier, showing the condition of the association making such ent, in respect to the average amount of loans and discounts, specie and ting notes on hand belonging to the association, Clearing House certificates, ts, and such other matters as the Comptroller of Finance may require.

. 23. And be it further enacted:

t no association shall make loans or discount on the security of the shares wn capital stock, nor be the purchaser or holder of any such shares unless ecurity or purchase shall be necessary to prevent loss upon a debt previously ted in good faith; and stock so purchased or acquired shall be sold within nths from the time of its purchase. But no such purchase or sale shall the former owner thereof from his pro rata of responsibility for all debts d by the association prior to sale and transfer to a new purchaser in good

. 24. And be it further enacted:

t no association, or any member thereof, shall, during the time it shall ue its banking operations, withdraw, or permit to be withdrawn, either in m of dividends or otherwise, any portion of its capital or reserve fund. any losses shall at any time have been sustained by any such association o or exceeding its undivided profits then on hand in cash, no dividend shall le; and no dividend shall ever be made by any association, while it shall ue its banking operations, to an amount greater than its net profits then on deducting therefrom its losses and bad debts and ten per cent. for the fund. And all debts due any association, on which the interest is past due paid for a period of six months, unless the same shall be well secured and e in process of collection, shall be considered bad debts within the meaning act.

. 25. And be it further enacted:

t the president and cashier of every such association shall cause to be kept imes a full and correct list of the names and residences of all the shareholders association, and the number of shares held by each, in the office where its ss is transacted; and such list shall be subject to public inspection during ss hours of each day in which business may be legally transacted. A copy list shall be sent with each quarterly report to the Comptroller of Finance.

. 26. And be it further enacted:

t the directors of any bank incorporated under any national or state law may, upon the ation of the owners of two-thirds of the capital stock, in writing, duly signed and dged, avail themselves of the provisions of this act and become a national association

under their corporate name by complying with the provisions of this act. The said directors being by said vote authorized to execute all papers relating thereto. Any matters not herein provided for in such cases shall be adjusted by the Comptroller of Finance in accordance with the spirit and intention of this act.

SEC. 27. And be it further enacted:

That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the association thus designated, satisfactory security in real estate for the safe keeping and prompt payment of public funds deposited with them, and for the faithful performance of their duties as financial agents of the Government.

SEC. 28. And be it further enacted:

That all transfers of the assets or any part thereof, of any association doing business hereunder, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of it as assets in the manner prescribed in this act, or with a view to the preference of one creditor to another, shall be utterly null and void.

SEC. 29. And be it further enacted:

That any director, officer or employee, of any association organized hereunder, who shall knowingly violate, or permit any of such persons to violate the provisions of this act, shall be removed forthwith from his position, by the proper authority of the association, or by the order of the Comptroller of Finance. And any director, officer or employee of such association who shall so transact the business of such association, or any part of it, as to intentionally defraud the association or any one else, or with the intention to deceive or mislead any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for not more than ten years.

SEC. 30. And be it further enacted:

That all suits and proceedings arising out of the provisions of this act, in which the United States or its agents or officers shall be parties, shall be conducted by the district attorneys of the several districts, under the direction and supervision of the Solicitor of the Treasury. And that all suits or actions arising under the provisions of this act, may be had in any circuit, district or territorial court of the United States held within the district in which the association may be established, or in any state, county or municipal court in the jurisdiction of which said association is established, which has jurisdiction in similar cases.

SEC. 31. And be it further enacted:

That if any person shall falsely make, forge or counterfeit, or cause or procure to be made, forged or counterfeited, or willingly aids or assists in forging or counterfeiting any note in imitation of or purporting to be in imitation of the circulating notes issued under the provisions of this act, or shall pass, utter or publish, or at-

tempt to pass, utter or publish any false, forged or counterfeited note purporting to be issued under the provisions of this act, knowing the same to be falsely made, forged or counterfeited, or shall falsely alter, or cause or procure to be falsely altered, or willingly aids or assists in falsely altering any such circulating notes issued under the provisions of this act, or shall pass, utter or publish, or shall attempt to pass, utter or publish as true, any falsely altered or spurious circulating notes issued, or purporting to have been issued under the provisions of this act, knowing the same to be falsely altered, or spurious, every such person shall be deemed and adjudged guilty of a felony, and being thereof convicted shall be sentenced to be imprisoned and kept at hard labor for a period of not less than five years nor more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 32. And be it further enacted:

That if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any plate, die or block after the similitude of any plate, die or block from which any circulating notes issued as aforesaid shall have been prepared or printed, with intent to use such plate, die or block, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any blank note or notes engraved and printed after the similitude of any notes issued as aforesaid with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any paper adapted to the making of such notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause, or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept at hard labor for a term not less than five or more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 33. And be it further enacted:

That the Comptroller of Finance shall cause to be prepared each month concise information showing the amount of circulating notes issued during the preceding month, and the amount of circulating notes, gold and silver coin, in each state, territory, district, and in the principal cities of the United States, and also the amount in the various vaults or Treasuries of the United States. Also the amounts expended by the Government in each state, territory or district. It shall also contain the name of each bank, the amount of its capital stock, its reserve fund, and its losses for the preceding month, and such other information as shall be deemed of sufficient value to the financial interest of the people to be published. Such information shall be published monthly by the Department of Printing in pamphlet form, of convenient size for permanent binding in book form. One copy of each issue shall be sent monthly to each of the following parties: To each association doing business hereunder, to the President and each member of his Cabinet, to each member of Congress, and to such other officers of the Government as the Comptroller of Finance may direct. Also to the Governor of each state, territory or district, and to each public library, university or college applying therefor. Any person may have a copy forwarded to his address for one year by first forwarding to the Comptroller of Finance the sum of one dollar. All subscriptions shall end with the December number of each year. Subscriptions made during the year shall be at the rate of ten cents per copy for the remaining months of the year.

SEC. 34. And be it further enacted :

That as the circulating medium shall accumulate in the Treasury of the Government from revenue or otherwise, it shall be returned to circulation among the people in addition to the ways hereinbefore specified, by paying the current expenses of the Government; by the purchase of suitable grounds and the erection thereon of suitable buildings for post offices and other uses of the Government; by the construction of such other works as shall be deemed by Congress for the best interests of the public. The expenditures shall be made annually, in each state, territory or district as nearly as may be, in proportion to the number of its inhabitants, provided that states already supplied with public buildings shall not receive additional expenditures until the other states, territories or districts shall have had their equal proportions. All public work shall be done by day's labor, at the rate of one dollar and fifty cents per day for eight hours work for common labor. A less rate shall be paid where the laborer is not able to perform a reasonable day's work. The expenditures hereunder shall be as directed from time to time by Congress.

SEC. 35. And be it further enacted :

That all notes issued hereunder and all money received by the Comptroller of Finance hereunder shall be deposited in the Treasury of the United States. And the Comptroller of Finance shall keep an itemized account of the sources from which received, with the dates thereof.

SEC. 36. And be it further enacted :

That all improvements on property described in the certificate of organization shall be kept insured by the association to the full amount of its assessed value, payable to the Comptroller of Finance, and all insurance on such property, in whatever name insured, shall, in case of loss, be paid by the insurance company to the Comptroller of Finance, to be by him disposed of, with the consent of the Secretary of the Treasury, as they may deem best in the interest of the various parties concerned.

SEC. 37. And be it further enacted :

That it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except as herein provided, and in accordance with the true intent and meaning of this act. And any officer who shall violate the provisions of this section shall be deemed guilty of a high misdemeanor, and on conviction thereof shall be punished by a fine not exceeding double the amount so countersigned and delivered, and imprisoned for not less than one year and for not exceeding fifteen years.

SEC. 38. And be it further enacted :

That if the directors of any association shall knowingly violate or knowingly permit any of the officers, agents or servants of the association to violate any of the provisions of this act, all the rights, privileges and franchises of the association derived from this act shall be thereby forfeited. Such violation shall be first determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that purpose in the name of the Comptroller of Finance, which decree shall adjudge the association dissolved. Thereupon the affairs of the association shall be closed up by the Comptroller of Finance, and in case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation. Such directors shall thereafter be disqualified for the office of director in any association formed hereunder ; and any president, direc-

tor, cashier, teller, clerk or agent of any association who shall embezzle, abstract or willfully misapply any of the moneys, funds or credits of the association, or shall, without authority from the directors, issue or put forth any certificate of deposit, draw any order or bill of exchange, make any acceptance, assign any note, bond or draft, bill of exchange, mortgage, judgment or decree, or shall make any false entry in any book, report or statement of the association, with intent in either case to injure or defraud the association; or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment not less than one and not more than ten years.

SEC. 39. And be it further enacted :

That the Comptroller of Finance, with the approbation of the Secretary of the Treasury, as often as shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association formed hereunder, which person or persons shall not be a director or other officer or employee in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full detailed report of the condition of the association to the Comptroller. And the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery. And every person appointed to make such examination shall receive for his services at the rate of five dollars for each day employed by him in such examination, and two dollars for each twenty-five miles he shall necessarily travel in the performance of his duty.

SEC. 40. And be it further enacted :

That persons holding stock as executors, guardians, administrators or trustees shall not be personally subject to any liabilities as stockholders, but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in said trust funds would be if they were respectively living and competent to act and hold the stock in their own names.

SEC. 41. And be it further enacted:

That hereafter no associations for the purpose of banking shall be formed except under the provisions of this act, and all banking institutions now formed under the provisions of prior acts of Congress shall be allowed to continue under such acts until their proper term of existence has expired.

SEC. 42. And be it further enacted:

That the present Comptroller of Currency shall hereafter be known as the Comptroller of Finance, under this act, and under such name, shall with the bureau now established, perform al duties required under the various acts of Congress relating to currency or a circulating medium.

SEC. 43. And be it further enacted :

That all acts or parts of an act in conflict with the provisions of this act are hereby repealed, and Congress may at any time amend, alter or repeal this act.

INCREASED VOLUME OF MONEY.

AN ADDRESS

BEFORE

The California Bankers' Association,

AT LOS ANGELES.

—BY—

R. M. WIDNEY, LL. D., PRESIDENT

—OF THE—

University Bank of Los Angeles, California,

MARCH 13th, 1891.

In support of the following resolution introduced by the speaker, and which received the unanimous vote of the convention,

Resolved, That this convention respectfully request Congress at its next session to devise a uniform money system for the people of the United States, with the gold dollar as the standard or unit of value; using gold, silver and currency for a circulating medium, in a sufficient volume to fully meet and keep pace with the growing wants of the business of the country; founding the issue of currency upon the wealth of the whole nation; making gold, silver and currency a legal tender, and exchangeable at par on demand, and fixing by a constitutional amendment the legality of such a circulating medium, and preventing the dangers of inflation, contraction, repudiation, or change in the standard of value.

The most critical period in the history of the present political parties that has arisen since the war will occur in the next session of Congress, and on this question of increased volume of money.

Either our circulating medium must be increased sufficiently to meet the wants of our growing country, or the business of the country must be killed off until it is within the compass of our present circulation.

LIBRARY OF THE UNIVERSITY OF CALIFORNIA

INCREASE OF CIRCULATING MEDIUM.

Judge Widney addressed the Convention as follows:

Mr. President and Gentlemen of the Convention:—

In addressing you on the subject of this resolution I wish to say in beginning that the statistics presented in my address are gathered from official reports and public sources. You are at liberty to draw your own conclusions from them.

BANKING.

Banking is a science based on natural laws. There is very little chance in it Carried on pursuant to these laws it succeeds: If these laws are violated to that extent, loss and failure occur. It is as much one of the departments of civilized society as law, medicine or statesmanship. It is under obligations to society to keep this department of the social fabric in good working order. It is not a robber of society, nor a machine to transfer the property of the many to the few. It should so handle money as to enrich humanity, as well as the bankers. In fact the law is that bankers flourish best when the whole community or nation is most prosperous. Banking should be a great power to builld up the industries of the people, in establishing manufactories, planting vineyards and orchards, cultivating and improving farms, building cities and railroads and establishing commerce for the nation.

Banks should be a place where the unused money of the people can be safely kept and under safe rules of business, loaned to those who want it for legitimate safe use. Among these should be classified as of first importance, time loans to develop the industries and productive enterprises of a community.

No system of call loans or thirty or ninety day loans can develop the resources of a country. Who can plant a farm, vineyard, orchard or start a manufacturing enterprise, or build a railroad on a call loan or on ninety day paper?

Such loans can only be used in stock or speculation and to a limited extent in established retail business. Speculative enterprise should rarely receive loans from depositors' money. By such I mean all cases where property is bought on a margin or on part payment, to sell on a rise of the market. Persons thus dealing should be confined to the use of their own money.

As society delegates this financial power to bankers, and pays them for using it, they in return should scientifically, historically and systematically study the

subject and solve the money problems of society so as to upbuild the interests of society and protect its property.

Would not society cry out against its doctors and lawyers, and statesmen if they failed to solve the problem of their department? Can we not here find the real ground for popular complaint against banks?

STORMS.

Financial storms periodically sweep over not only our own country, but over the nations of the earth. They seem to come locally about every ten years, and internationally and generally about every thirty years. In recent decades, as the world increases the rapidity of its growth and development, the storms increase in intensity and frequency.

The wreck of the last financial storm in the United States was frightful.

The failures were over	$190,000,000
The shrinkage in New York stocks and bonds was over	300,000,000
Shrinkage of values in the United States over	10,000,000,000
Because the banks wanted more money they forced in loans to an amount of over	100,000,000
The United States Treasury paid out over	200,000,000
The banks then issued panic certificates to the amount of	30,000,000
And the United States Treasury deposited with banks to help the situation	30,047,118

Gold was also shipped from England and California to help the situation in the east. Yet on top of all this one of the National Bank Examiners told me in the early part of last December, while in an eastern city, "*That they did not dare to examine the Banks as they could not show the required reserve.*"

In the face of this condition of affairs eastern bankers and financiers opposed any effort to increase the circulating medium of the nation.

Our eastern banking brethren treat with supercillious, and caustic airs of politeness, our western efforts at banking and our views on finances. But I take pleasure in congratulating you bankers of the Pacific coast, for so managing your finances and forecasting coming events that it has not to be said of you that the government had to come to the rescue to prevent a general suspension of the banks under your care. Your banks furnished milllons of money to help your eastern brethren through the crisis.

There eastern banks were all solvent. Their assets were greater than their liabilities, but they did not have circulating medium enough for themselves and for the legitimate industries of their localities.

There was not enough money to go around by hundreds of millions. While the people had the money the banks were hard up, and when the banks got it, then the people were hard up. And now that the banks have it failures are constantly occurring in long established firms for want of more money.

The cause of this insufficient supply of money is

GROWTH OF CIVILIZATION.

The world has been progressing in civilization, in commerce, industries and in business with wonderful rapidity during the past century and especially during the past fifty years.

Russia has broken its lethargy, and is restless with energy. Asia has thrown off its isolation and its population half awakened from a dream of a thousand years is stretching forth its hands. India is contending for its ancient glory. Africa is showing to the world its rich fertile soil, its rivers, its gold and diamonds, and treasures for commerce and agriculture. All South America is organizing for civilized growth and work with its wealth of soil and mines to tempt the industry of man.

The islands of the sea from the almost continent of Australia to the little islands are becoming active struggling centers for their part of commerce. The business area of the United States in less than a century has spread from the small territory east of the Alleghanies, to an empire extending across a continent from some 3,000,000 to 6 ,000,000 people now scattered over 3,400,000 square miles and overflowing with business, energy and push, eager to develop the resources of their continent and prepare it for the habitation of the coming hundreds of million. The whole earth is rapidly being prepared for the comfortable occupation of man.

The world is constantly outgrowing its appliances for civilization. The circulating medium of exchange is no exception to the rule. All hitherto adopted forms of money have been outgrown in kind and in volume.

The skins of wild animals at an early age were the money of exchange. This was outgrown and they stored the skins, cutting off the ears and passing them as a more conveninent form of money, the owner being entitled at any time to call for the corresponding pelts. This was the first bank of deposit. At a later age stamped pieces of leather were the evidences of value, gold and silver not being enough in volume. The Chinese have used paper money for thousands of years past.

Drafts, certificates of deposits, promisory notes and orders for money were used by the ancients to increase the volume of the medium of exchange.

Because we do not know what others have done, we frequently believe that what we are doing or propose to do is a novelty in the world.

In this process of evolution the financiers of the present day may learn two things. *First* that money is a compact representative form of values, without regard to what the money is made of for the purpose of exchange.

Second, That the world periodically outgrows both the kind and volume of its money.

THE WORLD'S DEMAND FOR MONEY.

As a result of this outgrowth there must be periodical contractions of values from a scarcity of money. That is, business must be killed off until it is reduced to correspond with the volume of money, unless the volume of money is increased to take care of the business. The volume is constantly expanding, but not as rapidly as the growth of the world requires.

The demand is far in excess of the supply, as shown by the following calls for loans.

Austro-Hungary	$100,000,000.
France,	182,000,000.
Mexico,	40,000,000.
Argentine Republic	500,000,000.
Other South American States	725,000,000.
African mines, Trust Companys, Etc	350,000,000.
	$1,897,000,000.

Other nations want as much more. The debt of the nations of the earth was, in 1889, over $28,000,000,000.

The volume of business in the United States alone last year is computed at some $130,000,000,000, while the business of exchange of the whole world was many times that amount. You see from this the work put upon money to make exchange.

The value of gold and silver in the United States is about $1,153,194,404. Of this $128,622,489 are locked up in bank reserves. The sum of $652,905,727 are reserved in the United States treasury; another $100,000,000 is locked up as state, county and city taxes, leaving the small sum of $272,666,188 in coin to do the work of the nations' business of $130,000,000,000. If gold alone were used, there would be only about $200,000,000 in circulation. This would be only $3.50 per capita, and could not possibly move the business of the nation. Add to this gold and silver the paper money in circulation outside of the treasury and bank reserves, and there are only about $900,000,000. This sum fell so far short of being able to do the work that the December, 1890, report of the Comptroller of Currency shows that checks, drafts, certificates, and such evidences of money, to the amount of over 92 per cent of the business, were used in 1890, aggregating the enormous sum of $18,000,000,000, *in banks alone, to supplement the use of our legal money.* Book credits and notes were several times this amount.

This eighteen billions was the worst form of inflation. Back of it was only personal and corporate responsibility, and only a deciminal of a cent on the dollar in lawful money to meet them.

People lost confidence in this vast volume of checks, drafts, etc., and then the panic came. People did not lose confidence in the legal tenders of the nation. This was accepted on sight, and a demand existed for millions more. Confidence was not lost in the lands, and cities, and industries of the people. It does seem to me that financiers who talk against government paper money should, in view of these facts, forever hold their peace. If there had been in circulation millions more of United States paper money the panic would never have been heard of.

A GLUT OF $20,000,000!

Another evidence of the insufficiency of the money supply is the condition of the New York banks at this date, March, 1891. They claim to have a glut of money—a surplus of $20,000,000 over the required legal reserve. This is the result of calling in loans from the channels of trade. It is not money returned voluntarily by the users of money. It can all be absorbed in a day by the places from which it was called in.

But the most startling fact disclosed by this boasted glut, is that there is not enough money in all these banks over the legal reserve, to even *start one railroad* company. The best railroad enterprise with gilt edge security would absorb this boasted $20,000,000, in building its first few miles of track.

On December 19th, 1890, the secretary called a report from all national banks in the United States. They average less that 2 per cent above the legal reserve. Which leaves in the *whole national banking system of the United States only about $50,000,000 for use.* Of this sum $30,000,000, is United States Treasury money deposited in banks to help them make the December showing, and to relieve the financial change. No wonder the business of the nation is paralyzed. It becomes apparent from these results obtained from official reports, that the banks in the United States dare not loan any money on time loans to develop or maintain the industries and business of the people.

CALL LOANS

Can only be used on short speculation. What business man in the United States can start a manufacturing industry, build a railroad, plant out an orchard, or raise a crop on a *call loan*? The $50,000,000 surplus in the United States or the $20,000,000 surplus glut in the New York banks, is only so because the banks dare not loan it except on call, and no legitimate industry can use it on call. A loan for 30, 60 or 90 days is but a trifle better than a call loan. It can only be used by merchants and traders to tide over while collections are being made, or for stock speculation. The industries and productions and large enterprises of the people can only be met by time loans, and not by short loans.

The alarming fact is that if the money was returned to the United States Treasury that belongs there by law, and if from the banks also was returned the tax money that legally belongs in the public vaults, there would not be enough cash in the banks to meet the required reserve. They would not have a dollar to loan *even on call*, but would have to force in millions more of money from already cramped enterprises.

Nothing but the cool level headed sense of the American today prevents a run on the banks in the United States. If it gets started what will be the results in view of these facts?

In the trouble of the Baring Bros. Lord Salisbury refused to give the government consent to allow the Bank of England to furnish aid. Thereupon the Governor (President) of the bank said to him, "*My Lord, I am instructed to tell you, in case you refuse, that unless the government comes to the rescue, there is hardly a bank in the united kingdom that can be relied upon to meet the demand of its creditors twenty-four hours after the disaster we apprehend.*" Lord Salisbury jumped from his chair as if shot and at once consented to the relief.

The banks of the Uuited States are in a condition bearing too strong an analogy to the above incident. Not only today but for a long time past they have been powerless to carry the time business of the nation, and with only call or 60 day loans to offer it became a mockery to those wanting to use money.

No wonder the people say kill off the banks, of what use are they. And too true, of what use are they except to keep matters from being worse.

Yet they are not to blame. They have not the money with which to carry the business. It is not in the country. The remedy is not to destroy the banks,

but for the nation to furnish enough money to carry on the business of the growing country.

CALLING IN MONEY.

Because Russia wanted her money she called $80,000,000 from the Bank of England; and she needing more money called in and borrowed over $700,000,000. The banks in the United States needing more money called in hundreds of millions of dollars, issued $30,000,000 panic certificates, and borrowed of the United States and of each other millions more.

THE CRASH.

Because this money was called in from the channels of use and trade people could not make payments in money. The result was a crash of unheard of extent.

The failures reported	$190,000,000
Shrinkage in stock, New York	300,000,000
Estimated shrinkage of values in the United States in other property	10,000,000,000

In addition to this the business enterprises of the United States are to a large extent crippled or closed down. Over 160,000 are out of employment in New York city alone.

THE SITUATION

at present as to the 8055 banking institutions in the United States, national, state, private and savings is as follows:

Due depositors	$4,603,844,157
Total cash in all the banks at same date;	
Gold coin	99,811,011
Silver, nickle, etc.,	28,811,478
Paper momey	349,694,405
Total,	$478,316,694

Ten cents on the dollar on hand to pay depositors!

In gold only about 2 cents, or in gold and silver about 3 cents on the dollar.

At this same time the banks had loaned out to the people $3,893,957,799. Among 62,000,000 people scattered over 3,400,000 square miles of the United States were only $957,746,248 with which to pay this loan Only about 25 cents on the dollar.. Most of this money was in the hands of those who do not owe the banks, and is held by the owners to run their current expenses. Probably not 10 cents on the dollar available to pay banks. Yet the wealth of the people is some $71,000,000,000 in property.

THE DEMAND.

Some idea of the demand for money may be had from the fact that over $10,000,000 were used in 1890 to start new banks in the South; as much more in the

West. The cotton crop was valued at $400,000,000. Over 17,000 *new* enterprises started in the South last year, embracing every variety of industry. Over 32,800 miles of railroad were built the last four years, at a cost of $3,000,000,000. New New York city used $300,000,000 in new buildings, while the West used money by the millions for its new enterprises, many of which are shut down for want money.

This wonderful growth and energy is not to be condemned. It is the preparing of this continent for homes, and for the support of the generations. All of these aids for civilization are to uplift humanity to its high and peerless destiny.

It furnishes labor, food and clothing for the poor; it furnishes use for raw material, and results in industry, home and happiness for millions.

The principal non-productive use of money in the United States is stock and other speculations growing out of call loans. Were this stock speculation constitutionally destroyed, as California destroyed it, and its operators forced to embark in some legitimate calling, it would be a lasting benefit to the country.

TO PAY LABOR.

He who carries on any farm, orchard, dairy, manufacturing, or any other productive enterprise, must have a circulating medium with which to do it. The owner of an enterprise cannot pay laborers daily in portions of an interest in the products.

He can borrow money on his property, and in this way produce, and sell, and repay the principal and be free of debt. But he must have money and time.

VOLUME REQUIRED.

This question cannot be accurately determined, but we are not therefore to leave it wholly undetermined. Approximation is all that can be attained.

Generally the volume should be such that the United States treasury could hold a safe reserve of say twenty-five per cent of the volume issued. So, also, that the banks could hold a twenty-five per cent reserve of deposits, and also that tax money could go into its legal vaults. An estimate might be added for hoarding and loss by accident. In addition to the above reserves there should be a full volume in circulation among the people for the business of the nation. A volume such that time loans could be abundantly supplied.

More specific figures would be suggested by the following statistics:

State and National banks have deposits	$2,516,179,807.
Take this as the volume of issue and we have, say:	
Twenty-five per cent for United States treasury	629,044,951.
" " " Bank reserves	629,044,951.
For tax money	114,072,288.
Total reserve	$1,372,162,190.

Taking this sum from the proposed volume there would be left $1,144,017,617.

If the above reserves were deducted from the present volume of $2,082,568,942 it would leave only $710,406,734. The increase for active circulation under the

proposed volume is $433,610,883. In other words, the country would hold the last amount named to protect business, instead of the present paltry $50,000,000. From this volume the business requiring time loans could be safely supplied.

This is not an experimental volume. It would represent about forty dollars per capita for our population, while France uses from forty-two to forty-four dollars per capita. We could safely use a larger volume than France does.

NOT ENOUGH GOLD AND SILVER.

The gold in the United States represents only $694,869,680 or $11 per capita.

The annual increase is about 25 cents per capita.

The total amount of silver is about $485,370,497 or $8 per capita. The annual increase is about 74 cents per individual. Gold and silver would therefor give only $19 per capita and about 85 cents per capita annual increase. The total volume of gold and silver in the world is only about $5.75 per capita of the world's population.

THE SILVER QUESTION.

Free coinage of silver therefor cannot accomplish the desired results. The annual increase of our population is such that the coinage of our entire national silver product would only give $20 per capita for our increase. It will in no manner relieve the standing need.

The great objection to free coinage is that our annual product is worth in the market $46,000,000. When coined it represents $64,000,000 or $18,000,000 profit added by the Government agreeing to pay that difference on demand. This makes a present of $18,000,000 annually to the producers of silver.

This is too great a local benefit to a class of persons for this to be adopted as a law, and it is wholly inadequate to meet the demand.

50 YEAR 2 PER CENT. BONDS.

This is simply a scheme to aid banks at the expense of the people, and seems to have had its origin and backing in the secret councils of those who wish to monopolize the money system of the United States.

Look at it! Its advocates say, issue these bonds and sell them, and redeem the 4 per cent bonds, and let the national banks buy the 2 per cent bonds as a basis of circulation. How will it work? Will the owner of 4 per cent bonds exchange even for 2 per cent bonds? Certainly not. Then if you sell the 2 per cent bonds at par and pay a premium on the 4 per cent bonds you will have to pay all the 4 per cent ones will earn up to maturity. We will then be paying 6 per cent instead of 4 per cent as now, *and that does not increase our circulating medium a dollar.* The people are simply saddled with *more interest.*

The sale of 2 per cent bonds to banks as a basis of circulation is a robbery of the people. To illustrate: The United States issues say $100,000 in 2 per cent bonds, you wishing to open a bank take $100,000 cash, *now in circulation*, and pass it over to the United States for the $100,000 in bonds. Next, you hand back your bonds, as *a deposit*, to the United States and get back your $100,000 cash for a bank capital, and *for fifty years the tax payers through the government pay you 2 per cent per year.*

$100,000 interest on the bonds for doing a banking business on your original $100,000. If you use the semi-annual interest to buy more bonds, so as to make it compound, you will at the maturity of the bonds have your original $100,000 plus $100,000 interest plus about $70,895 bonds bought with interest on interest, making a total profit of $170,895 for doing business on your own money. But during this fifty years your original $100,000 will be loaned out to the same tax payers who are paying 2 per cent inrerest on the bonds to you. This loaned out capital will bring in ruling rates which by the scarcity of money will be high. This with the profits arising from the periodical wrecking of the people ought to satisfy the owners of money. It will, however, engender the thought among the masses that the banks should be killed off. Our present banking capital is some $700,000,000. At the end of fifty years operating under this bond scheme the banks would own their capital stock $700,000,000 plus $1,196,265,000 interest on bonds, plus over $3,000,000,000 interest on the capital stock for fifty years. That is the banks will own all the money in the United States and have the people in debt to them nearly $3,000,000,000. You perceive at once that this scheme will not increase our circulating medium.

CLEARING HOUSE PLAN.

Another plan is embodied in a proposed national clearing house system to be incorporated under an Act of Congress, by which a confederation of banks can put up approved collateral with the clearing house and receive clearing house notes, to be legal tender, the combined clearing house being responsible for redemption in case the individual bank fails to redeem. This system is put forth by a prominent eastern banker who asserts that we need no more money. Yet this whole scheme is to increase the circulating medium, but *giving the banks a monopoly of issuing and controlling it.* Its weak point is in placing back of our currency no greater responsibility than the banks and their property. It also gives the banks the right to obtain money without interest and loan it on interest.

Better let the government issue the money with the resources and wealth of the whole people of the United States, valued at $71,000,000,000, back of it for redemption. If the property of a combination of banks back of a money issue is good, then the wealth of the nation back of the issue is better.

As a nation we want no money for the people which is only backed by the responsibility of a small part of the people having absolute control of it for selfish ends.

The circulating medium should be issued by authority of the whole population and should be backed by the entire wealth of the nation, and should be controlled for the common benefit of all. The 2 per cent bond system—the free coinage system—the national bank increased issue and sub-treasury plans fail because they are in the interest of localities and minorities. If temporarily successful they would soon be destroyed by the majority as unjust. Justice and equity to all must be at the foundation of any system adopted by our nation.

A NATIONAL SYSTEM

should be based upon a constitutional amendment prescribing what shall constitute our circulating medium, fixing its volume, establishing one standard of value and

vesting in Congress authority to issue such money, making it a legal tender and backing it with the wealth, power and resources of the nation, making it exchangeable for gold at par at any time.

An amendment worded about as follows would cover the ground:

CONSTITUTIONAL AMENDNENT.

ARTICLE XVI. SECTION 1. A National Currency Circulating Medium shall be issued to the amount of twenty dollars percapita, as shown by the census of 1890 and by each succeeding census, for the proper redemption of which when required, the resources, the property and the faith of the nation are pledged; for which redemption, Congress, by a two-thirdsvote of each House, may provide for the collection of Government revenues and taxes, in gold or silver coin.

SEC. 2. Said currency, with gold and silver coin of the United States of present weight and fineness, the gold dollar being the standard or unit of values, and such notes as may be issued in lieu of gold or silver coin and bullion, held exclusively for the redemption thereof, shall constitute the only legal money of these United States, and shall be received at par in satisfaction of all obligations for the payment of money within the jurisdiction of the United States. Said gold and silver coin and currency shall be exchangeable at par value.

SEC. 3. Congress shall have power to enforce this Article by appropriate legislation, but shall have no power to increase or decrease said issue; provided that after the issue of 1900, Congress may, by a two-thirds vote of each House, reduce the rate of any further issue per capita from time to time.

This amendment, underlying our national system of finances would give us the best foundation and safeguards ever yet adopted by any nation.

The volume is protected against inflation, contraction or repudiation. It represents about two cents on the dollar of our national wealth of some 3,400,000 square miles of land and national wealth of $71,000,000,000. This is in legal effect a first mortgage given by the nation to secure redemption. With such security the national currency would be considered *gilt edge paper in any market in the world*. It would be received with greater confidence than Bank of England notes.

The gold dollar is today the standard by which all values in the United States are rated or measured, and as an abstract standard of values, this amendment removes from controversy or doubt that disturbing element by fixing the gold dollar as the standard of measure. It at the same time does full justice to silver, by making it and paper money a legal tender, with gold at the par value. In this way the whole people make the difference, if any, between the market value and the coined value, and when exchanged for gold, repay the difference.

This amendment would protect the currency against the dangers of the John law, or Argentine Republic scheme, and from the dangers that beset the Continental money. It is a greater safeguard than is thrown around the Bank of England notes.

No nation can place back of its issues such security as this would give to American money. England cannot place back of an issue the resources of Canada, Australia, India or her African possessions, for at any time they might leave England and set up for themselves, leaving only the little island to redeem the currency issued. France and Germany are to small. Russia is too insecure in her form of government. But the United States with its vast area, its peaceful and stable form of government, and its citizens, each an owner in the currency, is in position to issue a currency that would be received at once by any nation as a medium of exchange—a representative of gold at par.

Such a legal tender note is, in money effect, the clearing house certificate of the nation, backed by the national wealth, good in any clearing house in the United States, instead of a certificate backed by any number of banks, and only good where they wish to accept it by courtesy. It is a check signed by authority of the people of the United States, backed by over $71,000,000,000 of the people's wealth, good at any counter of any bank, instead of an individual's check, only good at his own bank and in his own locality. It is the promissory note of the nation, secured by a constitutional mortgage on over 2,500,000,000 acres of land and the cities, railroads and civilization thereon, payable to bearer and good from any debtor to any creditor, instead of the private note of a citizen, secured by a mortgage on a few acres of land, and only good at a discount to those who wish to buy it. It is a representative of value for exchange purposes, mutually agreed upon by 62,000,000 of people for their joint benefit, backed by their constitutional bond to secure redemption when required, on which bond the people pay no interest.

Such a currency circulating medium possesses all the elements of safety offered in all other proposed systems combined, and many others that cannot be introduced into any other system.

Confidence would never be lost in this medium, for the amendment would prevent Congress or politicians or political parties from disturbing the foundations, as at present

AN ACT OF CONGRESS

to put this in operation would be substantially as the present law of June 3, 1864. The department of the controller of currency, the bureau of printing and engraving would remain the same.

The system adopted should be complete in itself, it should be as broad as the United States in its effects, it should be planned to extend through the centuries.

While by one department it gathered in the money annually by taxation and revenues, it should annually return the money to the people equitably in all parts of the nation, seeking to collect taxes and revenues from the rich, and largely returning it, through the laboring classes, to circulation.

This would be a system, whereas it is now chaos.

PRESERVE THE NATIONAL BANK SYSTEM.

A bank system in the United States is a commercial necessity. Every individual cannot erect burglar and fire-proof vaults to protect his money. Neither could he employ a set of clerks to keep his accounts and financial exchanges.

The banks to-day use the smallest floor space on which the business could be transacted, and also have their working force reduced to the lowest number. The work could not be done by the government with any less floor space, or with any less number of persons than are at present employed.

Nothing could be gained by destroying the present system, with all its organized and trained forces, and replacing it with any government scheme for commercial banking or loaning.

The scope and flexibility of the present system could be vastly improved by some arrangement, as the following:

Allow states, counties and cities, of say five thousand population or over, where they need money for public improvements, to issue 2 per cent bonds for twenty or thirty years to the amount of 5 per cent of the assessed value of the real estate. Allow the United States to buy these bonds, prohibiting any contest

as to their validity after receipt of the money therefor. Let the Treasurer sell these bonds to any national bank wishing to purchase them, and allow them, or any United States bonds to be used as a deposit security with the United States Treasury on which to draw money when additional sums are required by the bank. The large reserve always held by the United States Treasury would be the fund from which this would be drawn, and to which this would be returned when not needed. This would give a perfect elastic currency to meet all contractions and expansions of season trade. Real estate could also be safely used as a reserve, as shown under the head of Farmers' Alliance Scheme hereafter.

The economies of this plan are that states, counties and cities wanting to borrow money and pay interest could borrow of the people who have the national money to loan, and banks could buy such bonds to use in their system.

Our system of national finances should be so arranged that the renewed supplies of money seeking loans in the hands of one class of people could be obtained by that other class requiring the use of money. This can best be done by our government, which is over 62,000,000 of people, issuing a full volume of gold, silver and currency, which is the property of all the people, to be used by them as a representative basis of values for exchange.

A large reserve held idle in its vaults by the government is for the benefit of the people, to be sent at one time (like a reserve force of an army) to the support of this place, and then to other places. This reserve system will meet all demands for an elastic currency.

The people, through the government issuing and holding this medium of exchange for their own use and benefit, share its profits and losses for the community as a whole.

The only remaining point is to provide a proper means by which the people may obtain the use of this money as needed.

This must be done by banking principles, either by the government or by banks.

If the government attempts this work it will require as much floor space as th banks now use, and as many and as able employees as are now engaged by all the banks.

That a profit may arise, the banks are now run on the most economical basis possible, and the government could not therefore improve on the present bank system.

FARMERS' ALLIANCE SCHEME.

This scheme has some sound points in it. Land can be safely used as a security in the national bank system as well as bonds. Allowing the title to land at a valuation of, say, its averaged assessed value for the preceeding five years, and not to exceed one-half of its cash value, to be pledged to the government under the form of a national bank incorporation, would give relief to the farming com munities.

It would substitute a national bank for a sub-treasury; a set of bank officers elected by the farmers for their banks to manage the loans for a set of sub-treasury agents; a responsibility to the government for large aggregate sums under the bank laws, instead of the inspection of thousands of small changing loans. The supervision of the Bank Examiners under present laws as to the solvency of the bank would be all that was required, while the bank officers would supervise all detail business and loans to individuals.

Provide also for the first $100,000 drawn as above, the interest to the nation

shall be 2 per cent. The rate increasing on larger sums as follows: 3 per cent. 4 per cent, 5 per cent, 6 per cent, 7 per cent, 8 per cent, 9 per cent, 10 per cent, on each additional $100,000.

The object of this is to prevent reckless drawing and using at low rates.

The lower rates will develope the legitimate industries of the country. The higher rates will check the wild, rash enterprises of speculation, and furnish means to carry on business with less profit or loss until adjustments occassion regular business routine.

This is the same principle applied the world over in finances. The Bank o England raised its rate of discount. So did other European financial institutions; The same thing was done in New York recently. It is the natural law on the subject for checking speculation without killing off legitimate business.

This plan is adopted in the recent German law establishing a system of more liberal and modern financiering.

The *London Times* says: "The whole monetary system of the United States is in a muddle. This condition is due to piece-meal legislation."

The shattered fragments of our laws from 1790 to this date should be repealed by a uniform system competent to handle our finances.

The national banks should be retained, but should be unfettered, so that they could do the most good.

POLITICAL FORECAST.

Next to personal rights, no question affects the voter more sensitively than the rights of property.

One of the most important of these is the increase in the volume of money.

The political party that offers a safe increase in currency to relieve the wants of the people, and carry on the business of the nation will be offering a premium for every vote. An increase of $20. per capita for 62,000,000 population is an increase of over $100 per voter.

The laboring classes and those borrowing money, with this as a leading issue, would vote in overwhelming majorities for such a measure in utter disregard of present party lines.

It certainly will be made an issue, unless one of the dominant parties shall pass such a law at the next Congress.

If the Democrats propose such legislation and the Republicans resist it, the next campaign and Congress will be overwhelmingly Democratic. Should the Republicans propose the law and the other party oppose it, the results will be in favor of the Republican party.

But if the present parties in Congress show the people how "*not to do it*," by wasting the time in discussing insufficient, sham and subterfuge plans, to deceive the people, they will find the voters not in the least shaken in their firm purpose.

The most critical period in the history of present political parties that has arisen since the war will occur in the next session of Congress, and on this question of the increased volume of money.

The system of money adopted by Congress must be just to all the people of the United States. The power and authority for the money has its origin in the people, and must be so planned as to be with them a co-oporating power for the common good.

The homes and property of the masses today are in jeopardy by reason of the insufficient supply of money. The industries of the nation are seriously crippled, the further development of our productive areas are brought largely to a

standstill, the laboring classes by the hundreds of thousands are out of employment because employers can not get the money with which to pay for daily labor.

We have a nation of 62,000,000 people, an area of 3,400,000 square miles of the richest land in the world, a national wealth of $71,000,000,000. An annual volume of business of $130,000,000,000. An intensely active, energetic people; government annual expenses of over $1,000,000,000, and *only* $2,082,568,924 *as a circulating medium with which to conduct all this business.* This is 3 cents on the dollar for over national wealth, and 1½ cents on the dollar for our volume of business. But if you deduct from the present volume, the bank, the United States Treasury, state and city tax reserves, there will be left for active business work, 1 cent on the dollar of our national wealth; ½ cent on the dollar for our volume of business. If you still further confine the money to gold and silver it gives for active work about ¼ cent on our national wealth, and about ⅛ cent per dollar for our volume of business.

It lies in the power of Congress to make this the banking nation of the world. But to do this our volume of money must be so increased that we have ample reserves at the proper places, and a free volume of money for our use and to spare in loans to other nations.

Today we are tributary financially to foreign nations. Over $50,000,000 per year is paid out as interest and profit to foreigners for the use of their money, of which over $1,500,000,000 is in use in the United States. Our own money is not enough so long as we are compelled to get this foreign aid. The financiers of other nations are calling in all the gold they can get. France, Germany, Russia, Austria-Hungary, England, the South American nations and others are striving each to increase its volume of gold reserves.

England is critically suffering in the contest and our own financiers forecast a heavy drain on our gold to meet the balance of trade this year. It is in view of such facts as I have cited in this address that Secretary Windom said in his last speech of an increase in our money these warning words, "Could such a medium be secured, the grave commercial disaster which threatens our future might be averted, had it not been for the peculiar conditions which enabled the United States Treasury to disburse over $75,000,000 in two and a half months last fall the stringency would have resulted in wide-spread financial ruin."

Senator Sherman said in his recent speech, "I believe a majority of the Senate desire, first, to provide an increase of money to meet the increasing wants of our rapidly growing country and population, and to supply the reduction in our circulation caused by the retiring of national bank notes."

Senator Sherman said recently in a letter to me on this subject, "I will do all in my power to secure the very best possible financial legislation by Congress."

CONSTITUTIONAL DANGER.

One of the greatest dangers in our present law is the doubt as to the constitutional power of Congress to make paper money a legal tender. The United States Supreme Court first decided by five Justices to three that Congress had no power to make paper money a legal tender, Chief Justice Chase rendering the opinion.

One of the five resigned, Congress increased the number of Justices from eight to nine; the two vacancies were filled by men who joining the opinion of the minority held that *as a war measure* Congress had power to make paper money a legal tender.

This decision stood five Justices to four. Three more of the four have died, and their places have been filled by those who believe in this power, and in its latest decision our United States Supreme Court holds by eight to one that Congress can make any thing, *in any quantity*, a legal tender. In other words, the doors are thrown wide open to inflation of the worst form. Even now, are proposed measures that have no limit to currency issue. A future administration and Supreme Court could over rule the above decision and hold that the whole currency issued was unconstitutional and void, and was not even a claim against the nation.

Three dangers are at the very root of our financial laws, *ruinous inflation, constitutional repudiation and a threatened change of the gold dollar as the measure of values.*

A safe monetary system is one of the essential elements of the prosperity of this nation. It must stand before the people of this and other nations, founded upon, and guarded by constitutional power, protecting it from the dangers of inflation, contraction, repudiation, or change of the standard of values, and pledging the faith, and resources of the nation as the power and will of the nation to exchange gold, silver and currency at par on demand.

With such a circulating medium sufficient in volume to meet the present and growing wants of the nation, wisely administered by act of Congress, for the benefit of the people, we would enter upon a period of prosperity, development and safety never heretofore attained, one in which financial storms would seldom occur and which could be safely handled from the great reserve that should lie idle in the United States Treasury to meet local demands, here at one time, there at another.

This legislation is possible and probable.

Congress and the people are discussing and investigating and seeking for the best method. Notwithstanding all that is said to the contrary, honesty in the minds of our Congressmen on this subject is the uppermost thought. But they look to the bankers and financiers for facts and suggestions and knowledge. If they shall receive it, they will act upon it.

With these facts and views before me I present the resolution on this subject as expressive of the views of the Bankers of this Convention on the subject. As such it will meet with a warm and welcome reception from our legislators in Congress, and will be carefully considered by them in molding the financial laws of the nation.

AS GOOD AS GOLD!

A National Currency

ISSUED BY AUTHORITY OF THE PEOPLE; BACKED BY THE WEALTH OF THE NATION; BASED ON

A Constitutional Amendment.

AND CIRCULATED FOR THE BENEFIT OF THE PEOPLE; UNDER

A National Money System

IN AMPLE VOLUME FOR THE BUSINESS OF OUR GROWING CIVILIZATION.

AN ADDRESS

Before the Commercial Congress at Kansas City, April 16, 1891,

By R. M. WIDNEY, LL. D. President

OF THE UNIVERSITY BANK OF LOS ANGELES, CALIFORNIA

LOS ANGELES:
Times-Mirror Printing and Binding House.
1891.

Either our circulating medium must be increased sufficiently to meet the wants of our growing country, or the business of the country must be killed off until it is within the compass of our present circulation.

The following resolution received the unanimous vote of the California Bankers' Association at Los Angeles, March 13, 1891:

Resolved, That this convention respectfully request Congress at its next session to devise a uniform money system for the people of the United States, with the gold dollar as the standard or unit of value; using gold, silver and currency for a circulating medium, in a sufficient volume to fully meet and keep pace with the growing wants of the business of the country; founding the issue of currency upon the wealth of the whole nation; making gold, silver and currency a legal tender, and exchangeable at par on demand, and fixing by a constitutional amendment the legality of such a circulating medium, and preventing the dangers of inflation, contraction, repudiation, or change in the standard of value.

The most critical period in the history of the present political parties that has arisen since the war will occur in the next session of Congress, and on this question of increased volume of money.

AS GOOD AS GOLD.

Judge R. M. WIDNEY, President of the University Bank, delegate from Los Angeles, Cal., addressed the Commercial Congress, at Kansas City, March 16, 1891 as follows:

Mr. President and Gentlemen of this Congress.

The owners of money naturally do not want the volume increased. While it is limited they can control the rate of interest, and the value of all labor and products, and can dictate the price of all property.

A CORNER ON MONEY.

A corner on railroad rates is dangerous, so is a corner on wheat, or corn, or cotton, sugar, wool, or on any of the staple products. But of all dangers a corner on money is the worst. A corner on money is a corner on all other corners combined, and can control the social and political, as well as the producing, labor and property interests of the nation. The Rothschilds recently attempted a money corner on Russia to control its internal policy against the Jews. Russia in retaliation is attempting a corner on gold, and it spreads dismay and panic among the nations.

It is claimed that by two or three men combining in New York they can lock up enough money to close all the banks in that city. The volume of money and the national system for its circulation should be such that no corner on money can ever be possible.

A POLITICAL FORECAST.

The most critical period in the history of present political parties that has arisen since the war will occur in the next session of Congress, and on this question of the increased volume of money.

Next to personal rights, no question affects the voter more sensitively than the rights of property, and of these an increase in the volume of money is most important.

The political party that offers a safe increase in currency to relieve the wants of the people, and to carry on the business of the nation will be offering a premium for every vote. An increase of $20 per capita on a population of 62,000,000, is a bid of about $100 per vote.

The laboring classes and those borrowing money constitute about nine-tenths of the voters, and with this as a leading issue they would vote in overwhelming majorities for such a measure in utter disregard of present party lines. It will certainly be made an issue, unless one of the dominant parties shall pass such a law at the next session of Congress.

If the Democrats propose such legislation and the Republicans resist it, the next campaign and Congress will be overwhelmingly Democratic; should the Republicans propose the law and the other party oppose it, the results will be in favor of the Republican party.

But if the present parties show the people "*how not to do it*," by wasting the time in discussing insufficient, sham and subterfuge plans, to deceive the people, they will certainly pay the penalty of utter political defeat.

The homes and property of the masses, today, are in jeapardy by reason of an insufficient volume of money. Nine million homes mortgaged at a high rate of interest, annually eating up the home, means nine million solid votes for more money

In addition to this the industries of the nation are seriously crippled; the further developments of our productive areas are brought largely to a stand still; the laboring classes are out of employment by the hundreds of thousands because employers can not get the money with which to pay for daily labor.

THE STRINGENCY OF MONEY

that prevails over the United States, and recently bordered on a panic, extends to England, Germany, France, Russia, and in fact to all the European nations, and to South America. For want of money long established mercantile, manufacturing, commercial and financial institutions, noted for decades of careful, safe business management, went down like grain before the reaper. They went down for want of money. There was not enough money to go around by hundreds of millions of dollars. When the people had it the banks were hard up, and when the banks had it the people were short.

THE CRASH CAME FOR WANT OF MORE MONEY.

The failures of 1890 were	$ 190,000,000
Shrinkage of New York stocks and bonds	600,000,000
Shrinkage of values in United States	10,000,000,000
The banks called in over	100,000,000
The United States Treasury paid out over	200,000,000
The banks issued panic certificates	30,000,000
The U. S. Treasury deposited with banks to help tide over	30,047.118
Total	$11,150,047,118

Millions were shipped from England and California to fill up the want of more money. After all this effort to overcome the stringency a national bank examiner told me last December that they did not dare to examine the banks, as they could not show the required reserve. They were solvent in assets, but could not command ready money. A few hundred more millions of legal tender paper money in circulation would have avoided the crash.

of the 8,050 banking institutions in the United States, State, National, private and savings, was last December, as shown by the official reports, as follows:

Due depositors	$4,603,844,157
Cash in these banks to meet above deposits:	
Gold coin	$ 99,811,011
Silver	28,811,478
Paper money	349,694,405
	$478,316,694

That is, the banks had ten cents on the dollar to pay depositors. In gold they had only about two per cent; in gold and silver less than three per cent. At the same time the banks had loaned out $3,893,957,799 among 62,000,000 people scattered over an area of 3,400,000 square miles of territory. There were at the same date $957,746,248 in the hands of the people with which to pay the banks. In fact, after deducting state, city, county and other public funds, there was not 10 cents on the dollar in the hands of the borrowers to make payment with. Yet the wealth of the people was over $71,000,000,000. The people were solvent in property twenty-fold, but could not command available cash. It was not in the country, as shown by the above figures.

The volume of money in the country could not sustain the volume of business, and over $11,000,000,000, one-seventh of the entire nation's wealth, was killed off in the short space of a few months for want of a few hundred millions more of money.

THE STRINGENCY IS MORE APPARENT

from other statistics. The volume of business in the United States last year was over $130,000,000,000. After deducting from the total volume of money in the United States, reserves of banks, and United States Treasury, and State, county, city tax money, and other public funds, there would not be left in circulation to exceed $700,000,000, or about one-half of a cent on the dollar of the volume of business with which to do the work.

If gold and silver alone were used it would only be about one-eighth of a cent. If all the silver mined in the United States were added it would give less than one-quarter of a cent on the dollar of the volume of busin

The volume of actual money fell so far short of being able to do the work that the commercial world was forced to use 92 to 9 per cent in checks, drafts, certificates, and such evidence of money (as shown by the Comptroller's report for December, 1890.) This represented some $123,000,000,000 of such paper used for business. This was the worst form of inflation. Back of it was only the shifting and personal responsibility of individuals, firms and corporations, and a fraction of a cent on the dollar. People lost confidence in this vast volume of checks, drafts and paper evidence of money. The money was not in existence in volume enough to

sustain it. The same relation exists between the volume of money in the country and the credit used, as between a bank reserve and its deposits. The volume of the money must increase as the credit increases. The people are paying in interest and profit to foreigners over $50,000,000 per year, for the use of their money, to increase our volume, to do our business. If the people through the government issue their own circulating medium, they will pay this $50,000,000 annual interest to themselves. Why should we be in financial bondage to foreigners and work for them when we can make our own money, and use it for the same purpose, and save this annual $50,000,000? We are now paying this tribute to foreign capitalists, because we have not enough of our own. Why should we pay this interest to others, when as a nation we have the resources to issue our own volume of money.

A GLUT OF $20,000,000!

Another evidence of the insufficiency of the monev supply is the condition of the New York banks in March, 1891. They claim to have a glut of money—a surplus of $20,000,000 over the required legal reserve. This is the result of calling in loans from the channels of trade. It is not money returned voluntarily by the users of money. It can all be absorbed in a day by the places from which it was called in.

But the most startling fact disclosed by this boasted glut, is that there is not enough money in all these banks over the legal reserve, to even start one railroad company. The best railroad enterprise with gilt edge security would absorb this boasted $20,000,000, in building its first few miles of track.

On December 19th, 1890, the secretary called a report from all national banks in the United States. They average less than 2 per cent above a 25 per cent reserve. Which leaves in the whole national banking system of the United States only about $50,000,000 for use. Of this sum $30,000,000, is United States Treasury money deposited in the banks to help them make the December showing and to relieve the financial danger. On April 11th this surplus has fallen to $5,600,000. No wonder the business of the nation is paralyzed. It becomes apparent from these results obtained from official reports, that the banks in the United States dare not loan any money on time loans to develop or maintain the industries and business of the people.

THE FINANCIAL VACUUM

thus briefly pictured to you, called a money stringency, means only one thing. An insufficient supply of money. Of this Secretary Windom said in his last address in New York: "had it not been for the peculiar conditions which enabled the United States Treasury to disburse over $75,000,000 in two and one-half months, last fall, the stringency would have resulted in wide-spread financial ruin." The market was not just then crying for more of that 95 per cent of checks, drafts, panic certificates, or other evidences of money. It wanted the money and had to have either the money or "the wide spread financial ruin."

THE DEMAND.

You have seen the negative side of the question, the want of money. Now take the other half of the picture and look at the affirmative demand for money. Over $10,000,000 were used in 1890 to start new banks in the South alone as much more in the West. The cotton crop was valued at $400,000,000. Over 17,000 new enterprises started in the South last year, embracing every variety of industry. Over 32,800 miles of railroad were built the last four years, at a cost of $3,000,000,000. New York city used $300,000,000 in new buildings, while the West used money by the millions for its new enterprises, many of which are shut down for want of money.

This wonderful growth and energy is not to be condemned. It is the preparing of this continent for homes, and for the support of the generations. All of these aids for civilization are to uplift humanity to its high and peerless destiny.

It furnishes labor, food and clothing for the poor; it furnishes use for raw material, and results in industry, home and happiness for millions.

GROWTH OF CIVILIZATION.

The world has been progessing in civilization, in commerce, industries and in business with wonderful rapidity during the past century and especially during the past fifty years.

Russia has broken its lethargy, and is restless with energy. Asia has thrown off its isolation and its population half awakened from a dream of a thousand years is stretching forth its hands. India is contending for its ancient glory. Africa is showing to the world its rich fertile soil, its rivers, its gold and diamonds, and treasures for commerce and agriculture. All South America is organizing for civilized growth and work with its wealth of soil and mines to tempt the industry of man.

The islands of the sea from the almost continent of Australia to the little islands are becoming active struggling centers for their part of commerce. The business area of the United States in less than a century has spread from the small territory east of the Alleghanies, to an empire extending across a continent from some 3,000,000 to 62,000,000 people now scattered over 3,400,000 square miles and overflowing with business, energy and push, eager to develop the resources of their continent, and prepare it for the habitation of the coming hundreds of millions. The whole earth is rapidly being prepared for the comfortable occupation of man.

The world is constantly outgrowing its appliances for civilization. The circulating medium of exchange is no exception to the rule All hitherto adopted forms of money have been outgrown in kind and in volume.

The skins of wild animals at an early age were the money of exchange. This was outgrown and they stored the skins, cutting off the ears and passing them as a more convenient form of money, the owner being entitled at any time to call for the corresponding pelts. This was the first bank of deposit. At a later age stamped pieces of leather were the evidences of value, gold and silver not being enough in volume. The Chinese have used paper money for thousands of years past.

Drafts, certificates of deposit, promissory notes and orders for money were used by the ancients to increase the volume of the medium of exchange.

INTERNATIONAL DEMAND.

The following demands for large loans are now on the market of the world:

Aurtro-Hungary	$100,000,000
France	182,000,000
Mexico	40,000,000
Argentine Republic	500,000,000
Other South American States	725,000,000
African Mines, Trust Companies, etc	350,000,600
	$1,897,000,000

Other nations want fully as much more, to say nothing of local demands in each nation.

In the Baring Bros. trouble, Lord Salisbury refused to allow the Bank of England to furnish aid. Thereupon the President of the Bank said to him: "My Lord, I am instructed to tell you, in case you refuse, that unless the Government comes to the rescue, there is hardly a bank in the United Kingdom that can be relied upon to meet the demand of its creditors TWENTY-FOUR HOURS AFTER THE DISASTER WE APPREHEND. The relief was quickly ordered.

It is evident from the facts already cited that there is an insufficient supply in the United States and that other nations have all they can do to take care of themselves. This condition of things drives our bank to a system of

CALL LOANS,

or 30 to 90 day paper. They dare not, of course, make time loans. As a result the growth and development of our Southern and Western country is largely at a standstill.

Who of you can take a call loan or a 30 or 90 day loan and plant an orchard, develop a farm, build a railroad, open a mine, or establish any industry.

ou well know that all these must have time loans and such loans can never be had in a stringent money market. An abundant volume of money would result in time loans all over the West and South. It would give employment to the idle hundreds of ousands who today in the East, West and South, are anxious to work. This unused labor is a dead loss to the nation. An idle day is gone orever, it can never be used to plant a single hill of corn. The laborer is poorer by every idle day. In the United States we are daily destroying the labor of over three hundred t ousand men, worth say $1.50 per day, equal $450,000 daily or aggregating $135,000,000 per year of 300 days. This labor spent in the South and West developing their marvelous resources would feed and cloth a h ngry million.

Tais idle labor would in one year levee the Mississippi from St. Paul to

the Gulf. It would construct the Henepin Canal the next year, and would in a few years complete the Galveston harbor, construct a Ship Canal across the isthmus and another from the Missouri near Chicago to the lakes as well as complete other great national works. Yet this is all lost annually for want of money to pay daily labor.

It would seem that our government was run on the theory that it must protect the money even if it should starve citizens.

Letters to this convention from prominent Eastern financiers protest against any change in this blundering financial chaos. And urge that we do should do nothing. The East has dictated the finances of this nation to the present. The job is not a credit to their ability and it is time we tried a change. The London Times says, "The whole monetary system of the United States is in a muddle. This condition is due to piecemeal legislation." The case grows worse in the hands of these financial doctors and they now say let the patient alone and he will either die or get well in time, and they don't know which.

Under such circumstances it may be well to try another mode of treatment.

THE VOLUME REQUIRED

should be ample in view of the facts. It cannot be accurately determined, but we should not therefore leave it without any solution. Approximation is all that can be attained.

Generally the volume should e such that the United States treasury could hold a safe reserve of say 25 per cent of the volume issued. So, also, that the banks could hold a 25 per cent reserve of deposits, and also the tax money could go into its legal vaults. An estimate might be added for hoarding and loss by accident. In addition to the above reserves there should be a full volume in circulation among the people for the business of the nation. A volume such that time loans could be abundantly supplied.

More specific figures would be suggested by the following statistics:

State and National banks have deposits.....$2,516,179,807

Take this as the volume of issue and we have, say:

Twenty-five per cent for United States treasury.....	629,044,951
" " " Bank reserves.....	629,044,951
For tax money.....	114,072,288
Total reserve.....	$1,372,162,190

Taking this sum from the proposed volume there would be left $1,144,017,617, for active use.

If the above reserves were deducted from the present volume of $2,082,568,942 it would leave only $710,406,734 for daily use. The increase for active circulation under the proposed volume is $433,610,883. In other words, the country would hold the last amount named to protect business, instead of the present paltry $50,000,000. From this volume the business requiring time loans could be safely supplied.

This is not an experimental volume. It would represent about $40 per capita for our population, while France uses from $42 to $44 per capita. We could safely use a larger volume than France does.

This would give a volume of about $40 per capita, of which about $20 would be gold and silver, and $20 in paper money.

NOT ENOUGH GOLD AND SILVER.

The total gold and silver coin and bullion in the comercial world is:

Gold	$3,984,256,589 or	$3.22 per capita.
Silver	4,512,754,655 or	3.65 per capita.
Total	$8,497,011,244 or	$6.87 per capita.

The annual product of the world averaged for eight years is:

Gold	$108,276,258 or	.08 per capita.
Silver	121,389,242 or	.09 per capita.
Total	$229,665,500 or	.17 per capita.

The business of the world cannot be run on such a small circulating medium.

The nation finds the metallic supply wholly insufficient and supplements its use by $2,178,642,376 of unsecured paper money in order to conduct the world's business.

The gold in the United States represents only $694,869,680, or $11 per capita.

The annual increase is about 25 cents per capita.

The total amount of silver is about $485,370,497, or $8 per capita. The annual increase is about 74 cents per individual. Gold and silver would therefore give only $19 per capita and about 85 cents per capita annual increase. The total volume of gold and silver in the world is only about $5.75 per capita of the world's population. There is no alternative but to issue paper money to supplement gold and silver.

WHAT IS THE REMEDY?

Several have been proposed, but they are inadequate, local and partisan. FREE COINAGE OF SILVER cannot accomplish the desired results. The annual increase of our population is such that the coinage of our entire national silver product would only give the per capita for our increase. It will in no manner relieve the standing need.

The great objection to free coinage is that our annual product is worth in the market $46,000,000. When coined it represents $64,000,000, or $18,000,000 profit added by the Government agreeing to pay that difference on demand. This makes a present of $18,000,000 annually to the producers of silver.

The people are now buying all of this silver at about 97 cents per ounce. Why should they pass an Act of Congress raising the price against themselves to $1.29.

Some in this convention urge that free coinage will cause this difference to disappear. So it will by permanently adding the difference to the present cost. Free coinage will cause it to disappear, by transferring it from the benefit of the buyer (the people) to the benefit of the seller (the silver owner). That is the free coinage act of congress is worth about 32 cents on each ounce, and silver is worth the other 97 cents. The silver belongs to the silver men, and the Act of Congress belongs to the people, and the silver men ask the people to donate to them the Act of Congress, worth 32 cents per ounce of silver, and then let the people pay them for the whole thing.

Why do the people of the United States want to advance the price of silver on themselves?

Let the people buy and store for their use all the silver they want, or that is profitable to them to buy.

FREE COINAGE IS NOT IN ISSUE

before the people. The silver owners do not ask free coinage and possibly do not want it. Free coinage means that the silver be coined into dollars, and delivered to the owner. The silver owners set forth their demand in their silver-bill of last Congress. This bill provides that the owners of silver may deposit their bullion in any mint, and may take either the coined silver or paper money therefor, the paper money exchangeable on demand for gold and a full legal tender for all debts.

The silver bullion is not made a legal tender, only the paper money issued therfor. The bill does not even require the silver bullion to be held to redeem the paper money issued. It is simply stored in the United States vault as an asset. The people are responsible to pay in gold the paper money issued and would have to sell silver in the market of the world for whatever it would bring. If we are going to issue paper money, which we should do, let us issue it direct from the people, based on the wealth of the nation.

This silver deal will cost the people $18,000,000 extra annually, which, with 5 per cent interest, would amount in fifty years to some $10,993,695,800. That is the people would be paying that sum to the money power for the privilege of issuing paper money *via* the silver route.

You people who are using money and paying for it read again the above elucidation, and then take a firm stand for a sufficient volume of safe paper money. You should refuse to support any bill extending the use of silver unless the same bill secures you a full volume of paper money. Unless you do you will never get any relief beyond the limited amount of silver. You may then have to fight a combined gold and silver monopoly. Nothing but a constitutional amendment will save you.

That our government should buy our silver product and hold it as a reserve for such time as may be advisable, would seem to be good as far as it goes, but it can not meet the demand for a full circulating medium. Another remedy suggested is the

50 YEAR 2 PER CENT. BONDS.

This is simply a scheme to aid banks at the expense of the people, and seems to have had its origin and backing in the secret councils of those who wish to monopolize the money system of the United States.

Look at it! Its advocates say, issue these bonds and sell them, and redeem the 4 per cent bonds, and let the national banks buy the 2 per cent bonds as a basis of circulation. How will it work? Will the owner of 4 per cent bonds exchange even for 2 per cent bonds? Certainly not. Then if you sell the 2 per cent bonds at par and pay a premium on the 4 per cent bonds you will have to pay all the 4 per cent ones will earn up to maturity. We will then be paying 6 per cent instead of 4 per cent as now, and that does not increase our circulating medium a dollar. The people are simply saddled with more interest.

The sale of 2 per cent bonds to banks as a basis of circulation is a robbery of the people. To illustrate: The United States issues say $100,000, in 2 per cent bonds, you wishing to open a bank take $100,000 cash, now in circulation, and pass it over to the United States for the $100,000 in bonds. Next, you hand back your bonds, as a deposit, to the United States, and get back your $100,000 cash for a bank capital, and for fifty years the tax payers through the government pay you 2 per cent per year, $100,000 interest on the bonds for doing a banking business on your original $100,000. If you use the semi-annual interest to buy more bonds, so as to make it compound, you will at the maturity of the bonds have your original $100,000 plus $100,000 interest, plus about $70,895 bonds bought with interest on interest, making a total profit of $170,895 for doing business on your own money. But during this fifty years your original $100,000 will be loaned out to the same tax payers who are paying 2 per cent interest on the bonds to you. This loaned out capital will bring in ruling rates which by the scarcity of money will be high. This with the profits arising from the periodical wrecking of the people ought to satisfy the owners of money. It will, however, engender the thought among the masses that the banks should be killed off. Our present banking capital is some $700,000,000. At the end of fifty years operating under this bond scheme the banks would own their capital stock $700,000,000 plus $1,196,265,000 interest on bonds, plus over $3,000,000,000 interest on the capital stock for fifty years. That is the banks will own all the money in the United States and have the people in debt to them nearly $3,000,000,000. You perceive at once that this scheme will not increase our circulating medium. This, hower, is not as costly to the people as the proposed silver bill, which in fifty years costs over $10,000,000,000 extra.

Another proposed scheme to place the money power in the hands of a few as a monopoly is the

CLEARING-HOUSE PLAN.

It is embodied in a proposed national clearing-house system to be incorporated under an Act of Congress, by which a confederation of banks can put up approved collateral with the clearing-house and receive clear-

ing-house notes, to be legal tender, the combined clearing-house being responsible for redemption in case the individual bank fails to redeem. This system is put forth by a prominent eastern banker who asserts that we need no more money. Yet this whole scheme is to increase the circulating medium, but giving the banks a monopoly of issuing and controlling it. Its weak point is in placing back of our currency no greater responsibility than the banks and their property. It also gives the banks the right to obtain money without interest and loan it on interest.

Better let the government issue the money with the resources and wealth of the whole people of the United States, valued at $71,000,000,000 back of it for redemption. If the property of a combination of banks back of a money issue is good, then the wealth of the nation back of the issue is better.

As a nation we want no money for the people which is only backed by the responsibity of a small part of the people having absolute control of it for selfish ends.

FARMERS' ALLIANCE SCHEME.

This scheme has some sound points in it. Land can be safely used as a security in the national bank system as well as bonds. Allowing the title to land at a valuation of, say, its averaged assessed value for the preceding five years, and not to exceed one-half of its cash value, to be pledged to the government under the form of a national bank incorporation, would give relief to the farming communities.

It would substitute a national bank for a sub-treasury; a set of bank officers elected by the farmers for their banks to manage the loans for a set of sub-treasury agents; a responsibility to the government for large aggregate sums under the bank laws, instead of the inspection of thousands of small changing loans. The supervisions of the Bank Examiners under present laws as to the solvency of the bank would be all that was required, while the bank officers would supervise all detail business and loans to individuals.

The great objection to the sub-treasury scheme is that it is local and partisan, and only helps one class instead of all classes.

The circulating medium should be issued by authority of the whole population and should be backed by the entire wealth of the nation, and should be controlled for the common benefit of all. The 2 per cent bond system—the free coinage system—the national bank clearing house issue and sub-treasury plans fail because they are in the interest of localities and minorities. If temporarily successful they would soon be destroyed by the majority as unjust. Justice and equity to all must be at the foundation of any system adopted by our nation.

At present the United States Treasury throws its reserve power to support Eastern banks. It is very probable that the West would be denied any such relief in an emergency. Over $30,000,000 of United States money is in banks without interest and largely without security. The recent panic demonstrated both in the United States and in England that at

times the power of the nation must come to the financial relief of the people. This then should be put in a legislative system on safe business principles within the reach of all parts of the country for the common good.

SUGGESTED LEGISLATION.

In preparing the scheme which is submitted for your consideration I have retained the safeguards existing in the money systems of the United States, England, France and Germany, and have added such measures as will give a uniform, practicable, elastic system, free from inflation, contraction, repudiation or a change of the abstract standand of value. A system based on the authority of the people, backed by the wealth of the people, and administered for the benefit of the whole population. Using all of our gold and silver, and supplementing their use by a legal tender of $20 to $25 per capita, which represents 2 cents on the dollar of our national wealth.

A CONSTITUTIONAL AMENDMENT

is placed at the foundation of the proposed system.

One of the greatest dangers in our present law is the doubt as to the constitutional power of Congress to make paper money a legal tender. The United States Supreme Court first decided by five Justices to three that Congress had no power to make paper money a legal tender, Chief Justice Chase rendering the opinion. 8 Wall. 603–639

One of the five resigned, Congress increased the number of Justices from eight to nine; the two vacancies were filled by men who joining the opinion of the minority held that as a war measure Congress had power to make paper money a legal tender. 12 Wall. 457–680

This decision stood five Justices to four. Three more of the four have died, and their places have been filled by those who believe in this power, and in its latest decision our United States Supreme Court holds by eight to one that Congress can make anything, in any quantity, a legal tender. In other words, the doors are thrown wide open to inflation of the worst form. Even now, are proposed measures that have no limit to currency issue. A future administration and Supreme Court could overrule the above decision and hold that the whole currency issued was unconstitutional and void, and was not even a claim against the nation. Such a decision would leave a gold and silver money in absolute control. And where would the people find relief.

Three dangers are at the very root of our financial laws, ruinous inflation, constitutional repudiation and a threatened change of the gold dollar as a measure of values.

A safe monetary system is one of the essential elements of the prosperity of this nation. It must stand before the people of this and other nations, founded upon, and guarded by constitutional power, protecting it from the dangers of inflation, contraction, repudiation, or change of the standard of values, and pledging the faith, and resources of the nation as

the power and will of the nation to exchange gold, silver and currency at par on demand.

An amendment worded about as follows would cover the ground:

PROPOSED CONSTITUTIONAL AMENDMENT.

ARTICLE XVI. SECTION 1. A national currency circulating medium shall be issued to the amount of twenty dollars per capita, as shown by the census of 1890 and by each succeeding census, for the proper redemption of which when required, the resources, the property and the faith of the nation are pledged; for which redemption, Congress, by a two-thirds vote of each House, may provide for the collection of Government revenues and taxes, in gold or silver coin.

SEC. 2. Said currency, with gold and silver coin of the United States of present weight and fineness, the gold dollar being the standard or unit of values, and such notes as may be issued in lieu of gold or silver coin and bullion, held exclusively for the redemption thereof, shall constitute the only legal money of these United States, and shall be received at par in satisfaction of all obligations for the payment of money within the jurisdiction of the United States. Said gold and silver coin and currency shall be exchangeable at par value.

SEC. 3. Congress shall have power to enforce this Article by appropriate legislation, but shall have no power to increase or decrease said issue; provided that after the issue of 1900, Congress may, by a two-third vote of each House, reduce the rate of any further issue per capita from time to time.

This amendent, underlying our national system of finances would give us the best foundation and safeguards ever yet adopted by any nation.

The volume is protected against inflation, contraction or repudiation. It represents about two cents on the dollar of our national wealth of some 3,400,000 square miles of land and national wealth of $71,000,000,000. This is in legal effect a first mortgage given by the nation to secure redemption. With such security the national currency would be considered gilt-edge paper in any market in the world. It would be received with greater confidence than Bank of England notes.

The gold dollar is today the standard by which all values in the United States are rated or measured, and as an abstract standard of values, this amendment removes from controversy or doubt that disturbing element by fixing the gold dollar as the standard of measure. It at the same time does full justice to silver, by making it and paper money a legal tender, with gold at the par value. In this way the whole people make the difference, if any, between the market value and the coined value, and when exchanged for gold, repay the difference. The double standard is not really required. The use of two metals, the government standing responsible for any difference in value in all that can be obtained. The Government buying the silver and coining or holding it makes the difference between the market value and the money value; and repays that difference when it gives gold for the silver. This is the same thing that

occurs when a paper dollar is issued. The United Sates makes a gold dc ar net at time of issue, and when the paper dollar is taken back by the United States it returns the gold dollar. As a commercial or scientific fact nothing other than the above has ever been done, and as that is a plain law of nature nothing else can ever be done. You may cover that simple idea under volumes of words, sophistries or legislative enactments and that simple little law of nature will always appear at the settlement and adjust the difference and no one can prevent it.

This amendment would protect the currency against the dangers of the John law, or Argentine Republic scheme, and from the dangers that beset the Continental money. It is a greater safeguard than is thrown around the Bank of England notes.

No nation can place back of its issues such security as this would give to American money. England cannot place back of an issue the resources of Canada, Australia, India or her African possessions, for at any time they might leave England and set up for themselves, leaving only the little island to redeem the currency issued. France and Germany are to small. Russia is too insecure in her form of government. But the United States with its vast area, its peaceful and stable form of government, and its citizens, each an owner in the currency, is in position to issue a currency that would be received at once by any nation as a medium of exchange—a representative of gold at par, and

AS GOOD AS GOLD.

Such a legal tender note is, in money effect, the clearing-house certificate of the nation, backed by the national wealth, good in any clearing house in the United States, instead of a certificate backed by any number of banks, and only good where they wish to accept it by courtesy. It is a check signed by authority of the people of the United States, backed by over $71,000,000,000 of the people's wealth, good at any counter of any bank, instead of an individual's check, only good at his own bank and in his own locality. It is the promissory note of the nation, secured by a constitutional mortgage on over 2,500,000,000 acres of land and the cities, railroads and civilization thereon, payable to bearer and good from any debtor to any creditor, instead of the private note of a citizen, secured by a mortgage on a few acres of land, and only good at a discount to those who wish to buy it. It is a representative of value for exchange purposes, mutually agreed upon by 62,000,000 of people for their joint benefit, backed by their constitutional bond to secure redemption when required, on which bond the people pay no interest.

Such a currency circulating medium possesses all the elements of safety offered in all other proposed systems combined, and many others that cannot be introduced into any other system, and is as good as gold.

Confidence would never be lost in this medium, for the amendment would prevent Congress or politicians or political parties from disturbing the foundations, as at present.

GOLD AND SILVER BASIS.

An issuance of paper money based on gold and silver, dollar for dollar, gives no increase in volume. Every dollar of paper issued locks up a dollar of coin for redemption.

Again, an issue of say two billions paper money, based on one billion coin reserve represents the other billion of the paper money secured only by the wealth of the nation. The true plan is, put all the gold, silver, real estate, cities, railroads, improvements, personal property, etc., of the value of $71,000,000,000 solid back of the issue of say $2,500,000,000, holding the coin for such occassional use thereof as may be required. The whole wealth of the nation back of an issue is better than any part of the wealth. The coin basis of any issue is a plan in the interest of the owners of the coin, and gives no increase in volume.

AN ACT OF CONGRESS

to put in operation this plan would be substantially as the present law of June 3, 1864. The department of the controller of currency, the bureau of printing and engraving would remain the same.

The system adopted should be complete in itself, it should be as broad as the United States in its effects, it should be planned to extend through the centuries.

While by one depatment it gathered in the money annually by taxation and revenues, it should annually return the money to the people equitably in all parts of the nation, seeking to collect taxes and revenues from the rich, and largely returning it, through the laboring classes, to circulation.

This would be a system whereas it is now chaos.

THE BILL.

It is a principle in law that legislative enactments should use as much of existing laws and machinery as possible in order to produce new results. For the reason that we are familiar with what has been in use and know how to use it.

Operating under this rule I have taken existing laws as shown by the Act of June 3, 1864 as the frame work of a new or complete system of finances of the United States and have added to it such sections and parts of a section as will produce a comprehensive uniform system easily understood and easily operated by those familiar with existing laws.

The system embraces the use of all of our American out-put of gold and silver and a supplemental volume of paper money sufficient in quantity to safely do the business of the nation.

The abstract gold standard of value now in operation is retained. Silver is to be bought by the United States at its market value and use either by coining or held as bullion and paper money issued for it.

Any difference between the value of a silver dollar and a gold dollar to be paid on demand by the United States by receiving silver dollars at par for gold as is now done.

The paper money to be issued by authority of all the people, backed by the wealth of all the people. and circulated for the benefit of the people.

All present forms of paper money to be taken up by the new issue, uniform in appearance, thus getting rid of the seven or eight different kinds of paper money in circulation.

A brief comment on each section of the bill better shows what can and what can not be done under is provisions.

SECTION. 1. This is the same as the present law of June 3, 1864. It provides for the office and appointment of a comptroller of finances, who is the same as our present comptroller of currency.

SEC. 2. Is the same as the present law. It provides for making the seal of office and for certified copies of documents in the office.

SEC. 3. Is the unchanged present law and provides for office room, vaults, safes, engraving and other conveniences for the transaction of the business of the department.

SEC. 4. This in addition to the present law provides for the issue of $20 (or any other sum) per capita on the census of 1890.

This with gold and silver would give about $40 per capita. France uses from $42 to $44. It is a small country, with facilities for quick transit, and can ship money from one point to another in a few hours, to meet sudden demands.

Whereas with us the area is so great that money can not be readily sent from one point to any other to meet sudden large demands. In my opinion a paper issue of $25 per capita would be a safer amount.

This would represent only about 2 cents on the dollar of our national wealth of some 3,400,000 square miles of the richest land in the world, which with the wealth of the people is estimated at $71,000,000,000.

This would be safe and conservative financering. This section provides for a system of numbering the notes issued and for retaining a duplicate, canceled copy of each denomination, for detection of counterfeit. There is also required to be printed on the face of each note a statement that it must be surrendered in the year of redemption for a new note as provided in section 6.

This section 4 also makes gold and silver coin of the United States and these notes a legal tender in payment of all public and private obligations for the payment of money in the United States, and also makes them mutually exchangeable at par as at present in such manner as shall best subserve the public interest.

SEC. 5. The same as the present law. It provides for taking up mutilated notes and the issue of the new ones in place thereof; and that notice thereof be published for the public benefit in the Bulletin of Finances, a monthly to be published by the Comptroller, constantly informing the the public on finances, as provided in section 33.

SEC. 6. Is mostly a new section. Every twenty years it. requires the whole issue of paper money to be called in and destroyed and also that

the plates and dies used to produce it shall be destroyed, and that a new issue, from new plates and designs, shall be put into circulation. The object of this is to ascertain how much of the old issue is lost or destroyed and replace it by a new issue to keep up the volume. It is also designed to destroy the circulation of all counterfeit money, and to render useless any appliance of counterfeiters for counterfeiting the old issue. Under this section the money is only a legal tender for twenty years, after that it must be surrendered and canceled by the new issue.

SEC. 7. Is entirely new. After the money is prepared the United States can not give it away, and section 7 provides for putting it in circulation The new issue would represent from $1,240,000,000 to $1,550,000,000.

Of this sum $534,088,802 would be used to take up the present paper money of the United States and national bank notes, not including gold or silver certificates. This will leave from $705,911,198 to $1,015,911,198, as the issue shall be $20 or $25 per capita.

What shall be done with this vast sum? Section 7 further provides that the United States may buy legally issued bonds of states, counties and incorporated cities of over 5000 inhabitants. Such bonds to be issued for not to exceed 5 per cent of the averaged assessed value of the property for the preceding five years, deducting the par value of any outstanding bonds. These bonds to be issued for public improvements, to run twenty years at 2 per cent, the interest payable annually, or quarterly, to the Comptroller of Finance at Washington, or any sub-treasury, a proper sinking fund to be provided. The public issuance of these bonds and receipt of the money therefor to be conclusive evidence of their legal issue, and a bar to any contest of their validity. These bonds to be a lien on the property until paid in full. Such bonds are as good as any United States bonds ever issued. The section also provides that the United States may summarily collect the principal and interest if any default is made in payment thereof.

These bonds may also be sold by the Comproller to banks, and by the banks may be left on deposit with the Comptroller of Finances, as a basis on which the banks can draw at any time money to use in their business as provided in section 12. As the bonds can at any time be deposited with the United States and the par value drawn, it makes a practical guarantee by the United States of the bonds.

This would enable banks to have an elastic currency in all parts of the United States perfectly secured.

Most of such bonds are now bearing 6 per cent interest. This plan will save 4 per cent, and the taxpayers would have that much less taxes to raise.

When the present United States bonds are taken up it will save taxpayers 4 per cent per year on the United States bonds. In addition to this the states, counties and cities paying 2 per cent interest to the United States would be a further reduction of national taxation. This department of the bill will save millions annually to the taxpayers, and alone is abundant reason for the passage of the bill.

Under this section of the bill some $400,000,000 would probably be used. Not all of the indebtedness of states, counties and cities would be taken up under this section, because many of their bonds are not yet due. Under this plan the government ceases to be a borrower of money but through it the people issue their own money as a whole, and thus loan it to localities of their fellow citizens who must borrow.

This will save paying millions of interest money annually to foreigners for the use of their money.

Of course such a bill will receive the opposition of foreign influence.

This would place the banks where a stringency of the money market could never occur, as from any part of the United States banks could draw on their reserves with the United States Treasury. This would also equalize interest all over the United States.

There would be still left from $300,000,000 to $600,000,000, not used under this section, which would be placed in circulation under section 34, which will be commented upon under that section.

Sections 8, 9, 10, 11, 12, provide that the owners of real estate may incorporate a bank and place the title in fee simple absolute, free of encumberance with the United States based on its averaged assessed value for the preceeding five years. The lien of the United States being paramount, during the continuance of the bank. The bank can use this real estate as a reserve security with the same effect as in case of bonds under section 7, up to its averaged assessed value for the preceeding five years, but not to exceed one-half of its actual value.

Under this section farmers and land owners can receive the use of money. They elect their own officers, form a bank and use or reloan the money and when not needing it return it to the United States Treasury, to be redrawn and used when required during the 20 years of the bank's existence. This plan is of more value than the sub-treasury plan, and avoids all of its complications.

If the real estate advances or depreciates in value it is adjusted under sections 17 and 18, or may be entirely released.

Sections 13, 14, 15, 16, provide the present mode of managing such banks. Under section 19 National Banks may loan on real estate.

Sec. 22. Has new matter in it. The danger of a low rate of interest is to over-borrow, and thus produce speculation and cause inflation of business.

To avoid this section 22 provides that the first $100,000 drawn by any bank shall bear 2 per cent per year interest.

This with the ordinary money in circulation will conduct all proper enterprises. The next $100,000, will draw 3 per cent and the next 4 per cent, and so on. These higher rates will furnish money to prevent any stringency, but will make business less profitable, forcing the curtailing of business gradually without destroying it as at present. This schedule of increasing interest rate is one that the best judgment of the people can

fix. It can be altered at any time when experimenting shows the need of it.

This is the natural law of business on the subject. Germany has recently adopted it. All banks apply the same rule.

Sections 23 to 32 are the same as the present bank law and need no comments.

SEC. 33. This is a new section. It provides for the monthly publication of a "Bulletin of Finances," containing concise information showing the monthly issue of currency, showing as nearly as may be the volume of gold, silver and currency in each state or territory; also showing the expenditures of the government in each, also showing the essential fact relating to the condition of each bank. It also provides for the proper distribution of these bulletins.

The object of this is to complete the efficiency of the money system of the United States and furnish to the people correct knowledge on current finances. It furnishes the foundation knowledge on which to properly execute section 34.

SEC. 34. Is of very great importance. Our nation today has no organized method for redistributing the money that accumulates in the United States Treasury from revenue and taxes. At times vast sums are stored to the detriment of business; and the cry is raised "what shall we do with the surplus."

This section provides that in addition to the ways provided in section 7, this money shall be spent for the usual expenses of the government. And that the government shall purchase suitable grounds and erect thereon buildings for post-offices and other public use, and that the expenditure shall be made annually in each state or territory in proportion to its population. Under this a system of national public improvements, such as on the Mississippi River or Nicuaragua Canal, or irrigation may be carried out.

As our laws now are it is very difficult to get any government building erected except in certain political localities. The money is drawn in from the people in every part of the country and should be re-expended proportionately among them, as it came from them. It is not a charity for the government to spend money in each community. That is where it should be spent. Every city and village should have a respectable and commodious postoffice building erected and owned by the government.

This section further provides that this public work shall be done by day's labor at say $1.50 per day, for common labor. The object is this: First-class laborers always command higher wages from private capital, and the next grade of labor is left unemployed. It is in this class that the suffering mostly occur. If the United States in its public work gives employment to this class of people it will be aiding citizens who should receive the care of the stronger. Such laborers can not for various reasons perform as much work per day as the best laborers. Public buildings would cost just as much, or even more, by employing this class than by

employing the best class. But the object of any government should not be to get the cheapest results in a specific case, but should be for the general good. This class of labor must live. If labor is not furnished they must beg or steal. In either of these cases the public must bear the expense. It is far better to keep up the tone of respectability among our people by furnishing employment and paying what the work is worth. Thus instead of the laboring class feeling that an ever widening gap existed between them and the form of government, they would feel it to be their friend and would be interested in maintaining its existence.

And here in protection of our own laborers would it not be well for our own government to close its doors to the inflooding of foreign labor. Why should we pay foreigners for labor and let our own citizens go idle? It is a noted fact that where colonies of foreigners get control of local labor that the American laborer finds it too hot for him to remain.

We should be generous, but we should not be so generous that we give our employment to strangers, and drive our own sons and daughters of America into idleness, shame and want. If our legislative halls are dominated by such a foreign sentiment it is time they should be cleared of the un-American element, and men representing the American idea sent to make our laws.

In conclusion let me say that the people should demand only such a money system as will do justice and equity to all the people and all classes. While you complain of being overreached, you must not in return overreach, or do injustice to others. I would impress upon you that all schemes for a national system of finances, that are based on the idea of giving a class of persons or banks power to issue or control the issue of money, are dangerous and sooner or later will be abused. Demand a constitutional Amendment, and a law that issues the money by *authority of the people, backed by the pledged wealth of the whole nation, and circulated for the benefit of all, with no special privilege for any class, and in volume sufficient to fully transact the business of our growing country.*

Hereto is attached a copy of the proposed Bill, which of course will receive such amendments as may be best.

The parts in brackets show where this Bill differs from present Act of June 3, 1864.

A BILL

TO PROVIDE A NATIONAL CIRCULATING MEDIUM, AND TO PROVIDE FOR THE CIRCULATION THEREOF.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

That there shall be established in the Treasury Department a separate bureau which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and circulation of a national circulating medium. The chief officer of said bureau shall be denominated the Comptroller of Finance, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President of the United States, with the approval of the Secretary of the Treasury, by and with the consent of Congress, and shall hold his office for the term of ten years unless sooner removed by the President with the consent of Congress. He shall receive an annual salary of eight thousand dollars; he shall have a competent deputy appointed by the Secretary, whose salary shall be three thousand five hundred dollars per year, who shall possess the power and perform the duties of the Comptroller during a vacancy in said office or during the absence or inability of the Comptroller. The Comptroller shall employ, from time to, time the necessary clerks to discharge such duties as he shall direct. Such clerks shall be classified by the Comptroller, subject to the direction of the Secretary of the Treasury, which clerks shall be classified in the manner now prescribed by law. Within fifteen days after notice of his appointment he shall take and subscribe the oath of office prescribed by the Constitution and the laws of the United States, and shall give to the United States a bond in the penal sum of one hundred thousand dollars, with not less than four responsible sureties, to be approved by the Secretary of the Treasury, conditional for the faithful discharge of the duties of his office. The Deputy Comptroller shall also take oath of office, and give a similar bond in the sum of fifty thousand dollars. The Comptroller or Deputy Comptroller shall not, either directly or indirectly, be interested in any association doing a banking business under this act.

SEC. 2. And be it further enacted:

That the Comptroller of Finance, with the approval of the Secretary of the Treasury, shall devise a seal, with suitable inscriptions, for his office a description of which, with the certificate of approval by the Secretary

of the Treasury, shall be filed in the office of the Secretary of State, with an impression thereof, which shall thereupon become the seal of office of the Comptroller of Finance, and the same may be renewed when necessary. Every document executed by the Comptroller, in pursuance of any authority conferred on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Comptroller, certified by him to be correct copies of the originals in his office, shall in all cases be evidence equally and in like manner as the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

SEC. 3. And be it further enacted:

That there shall be assigned to the Comptroller of Finance, by the Secretary of the Treasury, suitable rooms in the Treasury Building for conducting the business of the Bureau of Finance, in which shall be safe and secure fire-proof and burglar-proof vaults in which it shall be the duty of the Comptroller to deposit and safely keep all plates not necessarily in the possession of engravers and printers, and other valuable things belonging to his department; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, light and other proper conveniences for the transaction of said business.

SEC 4. And be it further enacted:

That the Comptroller of Finance, under the direction of the Secretary of the Treasury, is hereby authorized and directed to issue a circulating medium in the name of the United States of America [to the amount of $20, in addition to gold and silver coin, per capita of the population of the census of 1890. Upon ascertaining each following census the issue shall be increased to said $20 per capita]. In order to furnish suitable notes for circulation the Comptroller of Finance is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates and dies to be engraved, in the best manner to guard against counterfeitimg and fraudulent alterations, and to have printed therefrom, on paper or similar material best adapted therefor, and numbered, the quantity of circulating notes, of the denominations of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars and five hundred dollars, as may be required to supply the issue herein called for. [The number of each denomination in use shall be such that the needs of the people shall be best subserved thereby. The notes of each denomination shall be consecutively numbered. That a duplicate of each denomination and from each successive plate used shall be perforated with the word "duplicate," and carefully preserved for use in the identification of the originals, and for the detection of counterfeits, by comparison therewith. Said notes shall express on their face that they are issued by the Government of the United States of America as the circulating medium of the people of the United States. They shall have the written or engraved signatures of the Secretary of the Treasury, and of the Comptroller of Finance, and the imprint of the seal of the Treasury, and shall bear such other statements and devices as the Secretary of the Treasury shall direct, and shall contain a statement that "This note must be surrended to the Comptroller of Finance in exchange for a new note of similar denomination during the year" (stating

the year for retiring the same). Said notes, and gold and silver coin of the United States, shall be received at par, in payment of all obligations within the jurisdiction of the United States for the payment of money. The monetary use of gold and silver coin of the United States under existing laws is not hereby interfered with, and said notes, gold and silver coin shall be exchangeable at their par value, in such manner as shall best subserve the interests of the people.]

SEC. 5. And be it further enacted:

That it shall be the duty of the Comptroller of Finance to receive worn out and mutilated circulating notes issued hereunder, and with the Secretary of the Treasury the Comptroller of Finance shall compare said notes with the duplicates thereof on file, and when satisfied that the same are the originals issued under this act, they shall be destroyed by being burned to ashes in the presence of the Secretary of the Treasury and the Comptroller of Finance and such other person as the President shall designate. A permanent book of record of the destruction of such notes, with sufficient descriptions thereof, shall be kept by the Comptroller of Finance and published in the Bulletin of Finance. After said destructions of said notes, new notes of the same denominations and number shall be issued to the owners of the destroyed notes, of which duplicates shall be kept as hereinbefore provided. Such new notes shall be marked second series or third series as the case may be.

SEC. 6. And be it further enacted:

[That in the year following each second census, beginning with the census of 1910, the entire issue of circulating notes shall be retired and destroyed as provided in section 5 herein. And under the provisions of this act a new issue shall be made from new dies and plates and with new designs, and shall be substituted for the retired notes, and during the year for retiring said notes each banking institution doing business here under, shall during the months of January, February, March and April forward to the Comptroller of Finance at least 25 per cent each month of said notes in its possession, and in exchange therefor the Comptroller of Finance shall issue the new notes of the same denomination. During the remaining months of the year each of said banking institutions shall monthly forward all of the old issue of notes it may have or receive to the Comptroller of Finance for destruction and exchange. During said remaining months of said year for retiring said old issue any person or corporation may forward notes of the old issue for destruction and exchange to the Comptroller of Finance. After the expiration of the said year for the retiring said old issue of notes, the said old issue shall cease to be lawful money of the United States, and shall only be received by the Comptroller of Finance for destruction and exchange, and shall be so received until the outstanding old issue is entirely retired and destroyed.] The dies and plates used in producing the old issue of notes shall be destroyed by fusing in fire in January of each year of retiring, in the presence of the Secretary of the Treasury, the Comptroller of Finance, and some person appointed by the President. A record of the destruction of said plates shall be kept in the office of the Comptroller of Finance.

SEC. 7. And be it further enacted:

[That for the purpose of putting said notes in circulation the Comptroller of Finance shall be authorized to retire all outstanding notes or

currency of the United States, and to buy and legally issued bonds of the states, counties, and incorporated cities of over 5,000 inhabitants, as he deems proper, said bonds to be issued by said states, counties and cities, for a valuation not to exceed five per cent of the average assessed value of the real estate in said state, county, or city, for the five years preceding the issuance of said bonds, deducting from the the said issue of bonds the par value of any other outstanding bonds issued by said state, county or city. Said bonds shall be a lien on all real estate in said state, county or city, and shall bear interest at the rate of two per cent per year, and shall not run to exceed twenty years. The interest shall be payable annually to the Comptroller of Finance at Washington, and a sinking fund shall be provided in each case sufficient to liquidate said bonds at or before maturity. The public issuance of such bonds, their delivery to the Comptroller of Finance, and the receipt of the circulating notes therefor shall be deemed conclusive evidence of the legal issuance and validity of said bonds, and thereafter no defense shall be set up to the payment of principal or interest, or to the levying and collecting of taxes therefor. All objections or defense to the issue of said bonds must be made by the parties interested prior to the delivery thereof to the Comptroller of Finance, otherwise they are forever waived and barred as a defense. Said bonds may be sold by the Comptroller, and such bonds or any United States bonds may be deposited at par as reserve security by banks in the same manner as provided for real estate herein.

If said state, county, or city shall fail or neglect at any time to levy and collect a sufficient tax to meet the obligations of said bonds, there shall be immediately due and payable to the Comptroller of Finance a tax on the real and personal property in said state, county, or city in default on its last assessment roll sufficient to meet said payments and costs of collecting the same; and the same shall be collected by any person or persons appointed therefor by the Comptroller of Finance, who shall have power where said tax is not paid within thirty days after it is levied to collect the same by seizure and sale upon warrant issued by any judge ex parte of any court of original jurisdiction, State or national having jurisdiction of the property. The United States may become the purchaser of such property. Redemption may be made within one year after sale by paying the amount due on the sale, costs and interest thereon at ten per cent. Provided that no bonds shall be purchased hereunder except such as by state laws are made subject to the terms of this act.]

SEC. 8. And be it further enacted:

That associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five, who shall enter into articles of association, which shall specify in general terms the proposed name of the association, the object for which the association is formed, and the proposed capital stock; and may contain any other provisions not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs, which said articles shall be signed by the persons uniting to form the association, and a copy of them forwarded to the Comptroller of Finance, to be filed and preserved in his office. Attached to said articles of association shall be a schedule [of the bonds or real estate offered and known as "the reserve security" as herein provided for, which schedule shall accurately describe said bonds, and real estate and the improvements thereon, stating in whom the title is

vested in fee simple absolute, free of all incumbrances or liens, and giving the yearly assessed value of said real estate for each separate year for state and county purposes for the five preceding years, which schedule shall be certified to as correct by the proper keeper of the records of title of said property. Upon receipt of said articles and schedule, the Comptroller of Finance shall proceed in whatever manner he deems best to verify the facts set out in said schedule; and when satisfied that the average assessed value for said five years next preceding is not in excess of half of the actual value of said real estate,] and that the schedule is otherwise correct as to its statements, he shall notify said persons of that fact of the name approved by him for the association.

SEC. 9. And be it further enacted:

That the persons uniting to form such an association shall make a certificate of organization, which shall specify:

First.—The name assumed by the association.

Second.—The place where its operations of discount and deposit are to be carried on, designating the state, territory or district, and also the particular county and city, town or village.

Third.—Its capital stock, and the number of shares into which it shall be divided.

Fourth.—The names and places of residence of the shareholders, and the number of shares held by each.

Fifth.—An accurate copy of the schedule of [bonds or real estate attached] to the articles of association provided for in section 8.

Sixth.—A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act, and that said [real estate is for security as required in this act.]

The said certificate shall be duly signed and acknowledged by each of said persons, in the manner required by the law of the place for acknowledging conveyances of real estate, to entitle them to be recorded. [When duly certified therefor said certificate shall be recorded in the properbook of record of the county or district in which the real estate is situated; thereafter no lien or claim shall attach to any of said real estate, except such as shall be wholly subordinate to the prior claim under said certificate against said real estate for the purposes of this act.] When duly recorded the said certificate shall be transmitted to the Comptroller of Finance, who shall record and carefully preserve the same in his office. Copies of said certificate, duly certified by the Comptroller of Finance and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the jurisdiction of the Government of the United States of the existence of said association and of every other matter that could be proved by the production of the original certificate.

SEC. 10. And be it further enacted:

[That no association shall be organized hereunder with a "reserve security" greater than one million dollars, or with a less "reserve security" than twenty-five thousand dollars, nor with a capital stock of less than fifty thousand dollars.]

SEC. 11. And be it further enacted:

That whenever a certificate of organization has been received and filed

by the Comptroller of Finance, and is found by him to fully comply with the requirements of this act, the Comptroller of Finance shall proceed to investigate in the manner deemed best, the personal standing, financial condition and record of the persons seeking to form the association, [also the object of the association, the location and value, present and prospective, of the real estate described in said certificate of organization, and any other facts that may aid him in determining the desirability of such an association and the probable safety of its business affairs and management. The Comptroller of Finance may use such special means as he deems best to safely ascertain the facts above refered to. When it shall appear to the satisfaction of the Comptroller of Finance that the association is lawfully entitled to commence the business of banking with safety to the government and to the people, he shall issue to such association a certificate under his hand and official seal that such association has complied with all the provisions of this act required to be complied with, and that such association is authorized to commence the business of banking, designating the place of business, fully naming the directors and officers thereof for the first year and its capital stock. The said certificate shall be published in such local newspaper for sixty days, as the Comptroller of Finance shall designate, From the date of said certificate said association shall be deemed a body corporate to transact the business of banking hereunder, with the usual rights, powers and duties of banking corporations, and shall exist for the period of twenty years. An impress of its corporate seal shall be filed with the Comptroller of Finance and with the Secretary of the Treasury.

SEC. 12. And be it further enacted:

[That thereafter, upon the demand of said association, the Comptroller of Finance shall issue to said association a warrant on the Treasury of the United States, for circulating notes of the Government to the amount of the said average assessed value of real estate, or the par value of said bonds deposited by said bank, or for any part thereof, as demanded from time to time, which warrants, upon presentment duly endorsed, shall be paid out of the Treasury in the notes issued hereunder. Said sum or any part thereof may, on the first of any quarter of the year, be returned to the Treasury.]

SEC. 13. And be it further enacted:

That the affairs of all associations for banking purposes formed hereunder shall be managed by its board of directors, which may be in legal session on any Monday from 10 A. M. wherein a quorum is present, and on any other day, where, after notice, a quorum may be present, or to which a regular session may be adjourned, a quorum being present.

Every director shall be a citizen of the United States during his whole term of service; and at least three-fourths of the directors shall have resided in the state or territory or district in which such association is located one year next preceding their election or appointment as directors, and shall be residents thereof during their term of office. Each director shall own in his own right at least ten shares of the capital stock of the association. Each director, when elected or appointed, shall take an oath

that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act, and that he is the bona fide owner in his own right of ten shares of the capital stock of the association, standing in his own name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan, debt or obligation; which oath subscribed by him and duly certified, as required by law, shall be immediately transmitted to the Comptroller of Finance and by him filed and preserved in his office.

Sec. 14 And be it further enacted:

That the directors of any association first appointed shall hold office until their successors shall be elected and qualified. All elections shall be held on the second [Tuesday of January of each year,] and the directors as elected shall hold their places until their successors are elected and qualified. Any vacancy occuring by reason of a director ceasing to own the required amount of stock, or from any other cause, shall be filled by appointment by the board. If from any cause an election shall not be held at the time designated, it may he held on any subsequent day by publishing thirty days' notice thereof in a local daily paper.

Sec. 15. And be it further enacted:

That in all meetings of the stockholders each share of stock shall be entitled to one vote on all questions. Shareholders may vote by proxies, duly authorized in writing. None but shareholders can use or hold a a proxy,

Sec. 16. And be it further enacted:

That the shares of stock may be transferred on the books of the association in such manner as may be prescribed in the by-laws of the association. No transfer shall be made of stock where the holder is indebted to the association in any manner; but the association has a lien on all of its stock for such indebtedness. Every person becoming a shareholder by transfer, or otherwise, shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies and securities of the existing creditors of the association shall be impaired. The shareholders of each association formed under the provisions of this act, and of each exisiting bank or banking association that may accept the provisions of this act, shall be held individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such associations to the extent of the amount of their stock therein, at par thereof, in addition to the amount invested in such shares.

Sec. 17. And be it further enacted:

That the capital stock or the reserve security of any association formed hereunder may be increased or decreased within the limits fixed for the capital stock or [the reserve security] by this act by a two-thirds vote of its shareholders at any annual meeting in January. The increase or de-

crease of capital stock or the [reserve security] shall be made by complying with the requirements of this act as to the formation of such associations in the first instance, and by complying with such additional requirements as the Comptroller of Finance may deem best to secure the interests of all parties concerned, provided [that in the decrease of the reserve security the association so decreasing its reserve security shall surrender to the Comptroller of Finance circulating notes received thereon to the amount of the decrease. In such cases the Comptroller of Finance may, in his discretion, release from the effect of this act a pro rata of the bonds or real estate described in the certificate of organization, but this shall only be done in cases where the Comptroller of Finance shall find the association to be solvent. The maximum or minimum of such increase or decrease shall be determined by the Comptroller of Finance.]

Any association organized hereunder may close up its business and dissolve its organization by a vote of its stockholders had at the annual meeting in January. In such cases the association must first settle all of its outstanding obligations and return to the Comptroller of Finance the circulating notes received on its reserve security. The Comptroller of Finance, upon receipt of a statement of the foregoing facts duly authenticated by the directors of said association under oath, shall fully investigate the matters pertaining thereto; and upon being satisfied that all obligations of said association are fully satisfied and discharged, shall cause said statement to be published for at least sixty days in a local newspaper, and shall also cause a notice thereof to be inserted in the [United States Bulletin of Finance] for the same period. If any objections to the dissolution are filed with the Comptroller of Finance before the expiration of said sixty days, he shall determine and adjust any matters therein objected to; when so adjusted, or if no objections are filed with him, he shall issue a certificate dissolving said association and releasing the bonds or real estate described in the certificate of organization from any further claim or demand thereon. Said certificate of dissolution shall be by him duly signed, sealed and acknowledged so as to entitle the same to record in the office where the certificate of organization was recorded. The Comptroller of Finance shall duly record said certificate of dissolution in his office, and thereafter shall transmit the same to said association upon the same being duly recorded in the office where the certificate of organization was recorded. The association will thereby be completely dissolved.

Sec. 18. And be it further enacted:

[That if at any time the value of the real estate described in the certificate of organization shall depreciate in value, to be decided by the Comptroller of Finance, he may require any portion of the circulating notes of the association's reserve security to be surrendered to the Comptroller of Finance, or he may require further real estate security as in the original formation of the association.] Should the Comptroller of Finance at any time deem the affair of said association unsafe from any cause, he may appoint a special agent or agents under his hand and seal of office, who shall have power to inspect all affairs of said association and to close up its affairs to the best possible advantage to all parties interested. To this end

he shall have power to bring or defend any suit in the name of the association, and to sell at public or private sale any or all of the real estate described in the certificate of organization, and to execute proper conveyances thereof, and use the proceeds to close up the affairs of the association. He shall also have power to collect from the stockholders the amount for which they are responsible under this act, and to use the same to close up the accounts. He shall give such bonds for faithful performance of his duties hereunder as the Comptroller of Finance may require. His certificate of appointment shall be duly acknowledged and recorded as the other certificates are required to be. The Government shall be a preferred creditor in all such cases as are provided for in this section.

Sec. 19. And be it further enacted:

That the directors may semi-annually declare dividends from the net profits of the association, but such association before it shall declare a dividend shall carry at least ten per cent of its net profits to a reserve fund until said reserve fund shall equal the capital stock of said association.

Sec. 20. And be it further enacted:

That it shall be lawful for any association hereunder to purchase, hold and convey real estate as follows:

First.—Such as shall be necessary for its immediate accommodation in the transaction of its business and [for its reserve security.]

Second.—Such as shall be mortgaged to it in good faith by way of security for debts previously contracted or [for loans made thereon.]

Third.—Such as shall be conveyed to it in satisfaction of debts previously incurred in the course of its dealings.

Fourth.—Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate for any other purpose than as herein specified. Provided that all such real estate acquired other than for the purpose of the business of the association shall be sold within five years after it is obtained by the association.

Sec. 21. And be it further enacted:

That each association may charge such rates of interest as may be allowed by local laws where the association is situated. Each association shall keep on hand in cash an amount equal to at least twenty-five per cent of the amonnt of its deposits, when the reserve amount shall fall below said percentage. No more dividends or loans shall be made until the amounts called in shall restore the said percentage.

Sec. 22. And be it further enacted:

That every association hereunder shall make to the Comptroller of Finance a report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, which report shall, among other things, exhibit in detail, and under appropriate heads, the resources and liabilities of the association, and [the last assessment valuation of its real estate,] before the com-

mencement of business on the morning of the first Monday of the months of January, April, July and October of each year, and shall transmit the same to the Comptroller of Finance within five days thereafter. And any bank failing to transmit such report shall be subject to a penalty of one thousand dollars for each day after said five days that said report is delayed beyond that time. The Comptroller shall cause abstracts of said reports to be published in the United States Bulletin of Finance, and the separate report of each association shall be published by the association in a local daily newspaper for at least one week. [Said association shall forward, with each quarterly report, one-half ($\frac{1}{2}$) of one per cent. of the cash used on its reserve security, during the preceding quarter, as interest thereon, on sums not to exceed $100,000, and three-fourths of one per cent. per quarter on sums in excess of $100,000 and less than $200,000; thereafter the rate shall increase one-fourth of one per cent. per quarter additional on each additional $100,000 used or on any part thereof;] and in case of default in the payment thereof, by any association, said interest may be collected in the manner provided for the collection of United States duties of other corporations. In addition to the quarterly reports required herein, every association shall, on the first Tuesday of each month, make to the Comptroller of Finance a statement under oath of the president, or the cashier, showing the condition of the association making such statement, in respect to the average amount loans and discounts, specie and circulating notes on hand belonging to the association, Clearing House certificates, deposits, and such other matters as the Comptroller of Finance may require.

Sec. 23. And be it further enacted:

That no association shall make loans or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall be sold within six months from the time of its purchase. But no such purchase or sale shall relieve the former owner thereof from his pro rata of responsibility for all debts incurred by the association prior to sale and transfer to a new purchaser in good faith.

Sec. 24. And be it further enacted:

That no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital or reserve fund. And if any losses shall at any time have been sustained by any such association, equal to or exceeding its undivided profits then on hand in cash, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts and ten per cent for the reserve fund. And all debts due any association, on which the interest is past due and unpaid for a period of six months, unless the same shall be well secured and shall be in process of collection, shall be considered bad debts within the meaning of this act.

SEC. 25. And be it further enacted:

That the president and cashier of every such association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each, in the office where its business is transacted; and such list shall be subject to public inspection during business hours of each day in which business may be legally transacted. A copy of said list shall be sent with each quarterly report to the Comptroller of Finance.

SEC. 26. And be it further enacted:

[That the directors of any bank incorporated under any national or state law may, upon the authorization of the owners of two-thirds the capital stock, in writing, duly signed and acknowledged, avail themselves of the provisions of this act and become a national association under their corporate name by complying with the provisions of this act.] The said directors being by said vote authorized to execute all papers relating thereto. Any matters not herein provided for in such cases shall be adjusted by the Comptroller of Finance in accordance with the spirit and intention of this act.

SEC. 27. And be it further enacted:

That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the association thus designated, satisfactory security for the safe keeping and prompt payment of public funds deposited with them, and for the faithful performance of their duties as financial agents of the Government.

SEC. 28. And be it further enacted:

That all transfers of the assets or any part thereof, of any association doing business hereunder, made after the commission of an act of insolvency, or in comtemplation thereof, with a view to prevent the application of it as assets in the manner prescribed in this act, or with a view to the preference of one creditor to another, shall be utterly null and void.

SEC. 29. And be it further enacted:

That any director, officer or employee, of any association organized hereunder, who shall knowingly violate, or permit any of such persons to violate the provisions of this act, shall be removed forthwith from his position, by the proper authority of the association, or by order of the Comptroller of Finance. And any director, officer or employee of such association who shall so transact the business of such association, or any part of it, as to intentionally defraud the association or any one else, or with the intention to deceive or mislead any officer of the association, or any agent appointed to examine the affairs of such association, shall be

deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for nor more than ten years.

SEC. 30. And be it further inacted:

That all suits and proceedings arising out of the provisions of this act, in which the United States or its agents or officers shall be parties, shall be conducted by the district attorneys of the several districts, under the direction and supervision of the Solicitor of the Treasury. And that all suits or actions arising under the provisions of this act, may be had in any circuit, district or territorial court of the United States held within the district in which the association may be established, or in any state, county or municipal court in the jurisdiction of which said association is established, which has jurisdiction in similar cases.

SEC. 31. And be it further enacted:

That if any person shall falsely make, forge or counterfeit, or cause or procure to be made, forged or counterfeited, or willing aids or assists in forging or counterfeiting any note in imitation of, or purporting to be in imitation of the circulating notes issued under the provisions of this act, or shall pass, utter or publish, or attempt to pass, utter or publish, any false, forged or counterfeited note purporting to be issued under the provisions of this act, knowing the same to be falsely made, forged or counterfeited, or shall falsely alter, or cause or procure to be falsely altered, or willingly aids or assists in falsely altering any such circulating notes issued under the provisions of this act, or shall pass, utter or publish, or attempt to pass utter or publish as true, any falsely altered or spurious circulating notes issued, or purporting to have been issued under the provisions of this act, knowing the same to be falsely altered or spurious, every such person shall be deemed and adjudged guilty of a felony, and being thereof convicted shall be sentenced to be imprisoned and kept at hard labor for a period of not less than five years nor more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 32. And be it further enacted:

That if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any plate, die or block after the similitude of any plate, die or block from which any circulating notes issued as aforesaid shall have been prepared or printed, with intent to use such plate, die or block, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any blank note or notes engraved and printed after the similitude of any notes issued as aforesaid with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any paper adapted to the making of such notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause, or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted by due course of law, shall be sentenced to

be imprisoned and kept at hard labor for a term not less than five or more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 33. And be it further enacted:

[That the Comptroller of Finance shall cause to be prepared each month concise information showing the amount of circulating notes issued during the preceding month, and the approximate amount of circulating notes, gold and silver coin, in each state, territory, district, and in the principal cities of the United States, and also the amount in the various vaults or Treasuries of the United States. Also the amounts expended by the Government in each state, territory or district. It shall also contain the name of each bank, the amount of its capital stock, its reserve fund, and its losses for the preceding month, and such other information as shall be deemed of sufficient value to the financial interest of the people to be published. Such information shall be published monthly by the Department of Printing in pamphlet form, of convenient size for permanent binding in book form. One copy of each issue shall be sent monthly to each of the following parties: To each association doing business hereunder, to the President and each member of his Cabinet, to each member of Congress, and to such other officers of the Government as the Comptroller of Finance may direct. Also to the Governor of each state, territory or district, and to each public library, university or college applying therefor. Any person may have a copy forwarded to his address for one year by first forwarding to the Comptroller of Finance the sum of one dollar. All subscriptions shall end with the December number of each year. Subscriptions made during the year shall be at the rate of ten cents per copy for the remaining months of the year.]

SEC. 34. And be it further enacted:

[That as the circulating medium shall accumulate in the Treasury of the Government from revenue or otherwise, it shall be returned to circulation among the people in addition to the ways hereinbefore specified, by paying the current expenses of the Government; by the purchase of suitable grounds and the erection thereon of suitable buildings for post offices and other uses of the Government; by the construction of such other works as shall be deemed by Congress for the best interests of the public. The expenditures shall be made annually, in each state, territory or district as nearly as may be, in proportion to the number of its inhabitants, provided that states already supplied with public buildings shall not receive additional expenditures until the other states, territories or districts shall have had their equal proportions. All public work shall be done by day's labor, at the rate of one dollar and fifty cents per day for eight hours work for common labor. A less rate shall be paid where the laborer is not able to perform a reasonable day's work. The expenditures hereunder shall be as directed from time to time by Congress.]

SEC. 35. And be it further enacted:

That all notes issued hereunder and all moneys received by the Comptroller of Finance hereunder shall be deposited in the Treasury of the United States. And the Comptroller of Finance shall keep an itemized account of the sources from which received, with the dates thereof.

SEC. 36. And be it further enacted:

[That all improvements on property described in the certificate of organization shall be kept insured by the association to the full amount of its assessed value, payable to the Comptroller of Finance, and all insurances on such property, in whatever name insured, shall, in case of loss,

be paid by the insurance company to the Comptroller of Finance, to be by him disposed of, with the consent of the Secretary of the Treasury, as they may deem best in the interest of the various parties concerned.]

SEC. 37. And be it further enacted:

That it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except as herein provided, and in accordance with the true intent and meaning of this act. And any officer who shall violate the provisions of this section shall be deemed guilty of a high misdemeanor, and on conviction thereof shall be punished by a fine not exceeding double the amount so countersigned and delivered, and imprisoned for not less than one year and for not exceeding fifteen years.

SEC. 38. And be it further enacted:

That if the directors of any association shall knowingly violate, or knowingly permit any of the officers, agents or servants of the association to violate any of the provisions of this act, all the rights, privileges and franchises of the association derived from this act shall be thereby forfeited. Such violation shall be first determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that purpose in the name of the Comptroller of Finance, which decree shall adjudge the association dissolved. Thereupon the affairs of the association shall be closed up by the Comptroller of Finance, and in case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation. Such directors shall thereafter be disqualified for the office of director in any association formed hereunder; and any president, director, cashier, teller, clerk or agent of any association who shall embezzle, abstract or wilfully misapply any of the moneys, funds or credits of the association, or shall, without authority from the directors, issue or put forth any certificate of deposit, draw any order or bill of exchange, make any acceptance, assign any note bond or draft, bill of exchange, mortgage, judgment or decree, or shall make any false entry in any book, report or statement of the association, with intent in either case to injure or defraud the association, or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent apointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment not less than one and not more than ten years.

SEC. 39. And be it further enacted:

That the Comptroller of Finance, with the approbation of the Secretary of the Treasury, as often as shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of very banking association formed hereunder, which person or persons

shall not be a director or other officer or employee in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full detailed report of the condition of the association to the Comptroller. And the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery. And every person appointed to make such examination shall receive for his services at the rate of five dollars for each day employed by him in such examination, and two dollars for each twenty-five miles he shall necessarily travel in the performance of his duty.

SEC. 40. And be it further enacted:

That persons holding stock as executors, guardians, administrators or trustees shall not be personally subject to any liabilities as stockholders, but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in said trust funds would be if they were respectively living and competent to act and hold the stock in their own names.

SEC. 41. And be it further enacted:

[That hereafter no national associations for the purpose of banking shall be formed except under the provisions of this act, and all banking institutions now under the provisions of prior acts of Congress shall be allowed to continue under such acts until their proper term of existence has expired.]

SEC. 42. And be it further enacted:

[That the present Comptroller of Currency shall hereafter be known as the Comptroller of Finance, under this act, and under such name, shall with the bureau now established, perform all duties required under the various acts of Congress relating to currency or a circulating medium]

SEC. 43. And be it further enacted:

That all acts or parts of an act in conflict with the provisions of this act are hereby repealed, and Congress may at any time amend, alter or repeal this act.

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LIBRARY OF THE UNIVERSITY OF CALIFORNIA

Los Angeles, June, 1891

The actual volume of money in the United States is:

Gold	$694,869,680
Silver	485,370,397
Legal tender paper renewed	420,272,225
	$1,600,512,402

Senator Stewart says in the June Forum, "The addition to our circulating medium up to the present time which free coinage would have caused could not have exceeded fifteen million dollars;" and "The most serious objection to metallic money is the want of a sufficient supply."

Free coinage is only a drop in the bucket, and can never replace the necessity of a vast volume of paper money, which is now over $420,000,000 unsecured.

The only sufficient and safe system is to place all of the above gold and silver, and all other real and personal property in the United States (pledged by a constitutional amendment) back to an issue of say $2,500,000,000, interchangeable legal tender money, issued under a uniform system for the benefit of all, and free from the monopoly of any set of men or corporations.

The need of the hour is courageous statesmen who will give the United States the best money system possible, free from all rings, large or small.

A PROPOSED NATIONAL MONEY SYSTEM

EMBRACING

GOLD, SILVER, AND A CURRENCY AS GOOD AS GOLD.

BASED ON THE WHOLE WEALTH OF THE NATION, ISSUED BY AUTHORITY OF THE PEOPLE, AND ADMINISTERED FOR THE COMMON GOOD. BEING AN ISSUE OF ABOUT TWO CENTS ON THE DOLLAR OF OUR NATIONAL WEALTH. SECURED BY A CONSTITUTIONAL AMENDMENT.

NO INFLATION,
NO CONTRACTION,
NO REPUDIATION,
NO DEBASEMENT OF COINS,
NO DEMONETIZATION of
GOLD,
SILVER or
CURRENCY.

ELASTICITY AND VOLUME TO MEET ALL LEGITIMATE DEMANDS. EMBRACING THE BEST FEATURES OF THE UNITED STATES, ENGLISH, GERMAN AND FRENCH FINANCES. PROVIDING A SOUND SYSTEM OF BANKING UNDER NATIONAL LAWS.

WITH FULL TEXT OF A PROPOSED CONSTITUTIONAL AMENDMENT AND BILL FOR CONGRESS.

FROM AN ADDRESS DELIVERED IN SAN FRANCISCO, OCTOBER 16, 1891,

By R. M. WIDNEY, LL. D., President
Of the University Bank of Los Angeles, California.

FOR COPIES OF THIS PAMPHPET ADDRESS THE UNIVERSITY BANK, LOS ANGELES.

THE LATE SENATOR PLUMB CHANGED HIS FINANCIAL VIEWS.

"PACIFIC LAND IMPROVEMENT COMPANY,
LOS ANGELES, Cal., May 1, 1891.

"JUDGE R. M. WIDNEY:

"*Dear Sir*—Herewith I beg to hand you the letter that I spoke to you about, which I received from Senator Plumb, in answer to one sent him by me in reference to your proposed bill for a National circulating medium.

"Very respectfully yours,
"A. P. MAGINNIS."

"UNITED STATES SENATE,
WASHINGTON, D. C., March 21, 1891.

"A. P. MAGINNIS, Esq., Los Angeles, Cal.:

"*My Dear Sir*—I am in due receipt of your favor of the 3rd., covering pamphlet in relation to the measure proposed by Judge Widney with reference to a National circulating medium. No suggestion, however valuable, which involves a complete overturning of existing systems, will ever be adopted. The American people are conservative. The men whom they send here to represent them have widely different views, and if any progress at all is made it will be by slow degrees. Some day I shall look over the plan proposed, with a view to a more definite consideration of its merits. But there is one part of it which can never under any circumstances meet my views, and that is a maintenance of a gold standard. No amount of paper money based upon gold redemption can ever have any final result except one of disaster. The greater the issue of paper money the greater the trouble which will finally ensue. It will be an anomalous condition of things indeed if, just as England is seriously thinking of coming to bi-metalism, the United States should take a back track in the direction of mono-metalism.

"Truly yours,
"PRESTON B. PLUMB."

PLUMB'S PREDICTION, 1892—REMARKABLE LETTER WRITTEN BY THE SENATOR, JUST BEFORE HIS DEATH.

LEAVENWORTH, Kan., January 17.

The Times today publishes a letter written by the late Senator Plumb, just before his death, to that paper. In it he said that he was glad the Times was continuing to discuss financial questions. "There is abundance of evidence," he wrote, "that this question is coming to the front in a National way. In fact, the feeling is very strong to shift the issue from tariff to currency. Something will happen one of these days which will open the eyes of a good many people. Before this Congress is over, in my judgment, you will find a large majority of Republicans, perhaps all, voting for a much more comprehensive measure in the direction of enlarging the currency than was ever yet proposed."—*By the Associated Press.*

STEREOTYPED AND PRINTED
BY THE
TIMES-MIRROR PRINTING AND BINDING HOUSE
LOS ANGELES

PREFACE.

This financial question has the attention of the Nation.

Congress is the Nation's jury. The people are arguing theories and suggesting remedies, collecting statistics and drawing conclusions. The case is being argued by farmers, mechanics, tradesmen, laborers, bankers, professors, statesmen, money lenders, money users; by men interested in selfish schemes of finances, and by philanthropists. All classes are showing how they are affected and what would be the remedy for them.

Never before, and probably never again, will this question be so exhaustively analyzed and understood as in the present controversy.

This will be the occasion for Congress to give the Nation a system of finances more perfect than any nation has ever yet had; one that will in safety and abundantly meet the wants of the people, in justice and equity to all, for centuries to come.

In the following pages we briefly discuss most of the leading financial fallacies; and also show the financial statistics of the world, of the leading nations, and of the United States; showing that there is not enough money in existence to run the business of the world. Showing also that in the United States the demand is increasing and the supply decreasing, and that *either our circulating medium must be increased sufficiently to meet the wants of our growing country, or the business of the country must be killed off until it is within the compass of our present circulation.*

A proposed remedy is suggested, in the form of a constitutional amendment and act of Congress, with full text of each and comments thereon.

It embraces the soundest principles of the systems of the United States, England, France and Germany.

Your careful attention is called to this matter, and you are earnestly requested to give your aid to produce the best possible results in Congressional legislation.

The correspondence with the late Senator Plumb, formerly on Senate Committee on Currency, printed on a preceding page, is a forcible illustration of the soundness of the principles advocated in the following pages.

He approached the subject with positive antagonistic views, emphatically expressed; yet, after a careful study of the measures proposed, he in his prophecy recognizes the soundness of the principles of financial necessity and reform set out in this pamphlet.

The minds of many are so preoccupied with historic financial dangers of the past, that they at first impulse are hostile to any proposed measure.

The object of the writer has been to so prepare this system that any student will see that it is based on the soundest and most thoroughly tested financial principles of the centuries.

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POLITICAL DANGER.

If the Alliances, or Third Party, should drop all other issues, for the present, and adopt a National platform limited to one plank, embracing an ample and sound money system, they would sweep the next campaign.

The political party that offers a safe increase in currency to relieve the wants of the people, and to carry on the business of the Nation, will be offering a premium for every vote. An increase of $20 per capita, on a population of 62,000,000, is a bid of about $100 per vote.

The laboring classes and those borrowing money constitute about nine-tenths of the voters, and with this as a leading issue they would vote in overwhelming majorities for such a measure in utter disregard of present party lines. It will certainly be made an issue, unless one of the dominant parties shall pass such a law at the next session of Congress. But if the present parties show the people "*how not to do it*," by wasting the time in discussing insufficient, sham and subterfuge plans to deceive the people, they will certainly pay the penalty of utter political defeat, if the third party goes before the people with only the money question as an issue.

The most critical period in the history of present political parties that has arisen since the war will occur in the 1891-2 session of Congress, and on this question of the increased volume of money.

FROM SENATOR SHERMAN.

"MANSFIELD, O., June 22, 1891.

"HON. R. M. WIDNEY:

"*My Dear Sir*—Your interesting letter of the 13th inst. has been care fully read in connection with your address before the Commercial Congress at Kansas City. Like you, I have been a student of all these financial questions, and I agree with you that the free coinage of silver will not give the slightest relief to either the real or fancied difficulties of the time. I agree that the currency question should be dealt with entirely by the United States and not by the states, and that some general system must be devised to supersede the National banks: which, though excellent in many respects, must surrender their circulating notes when the Government bonds are paid. I also agree that only gold and silver can be made the ultimate standard of value; but that for convenience of circulation, credit money in some form must exist to an amount necessary for the business of the country; that it must be promptly redeemable in gold and silver, and that it should rest alone upon the authority of the Government. As to a constitutional amendment, while it is the best way to accomplish a thorough change in our financial system, I do not think that it is practicable under the terms of the Constitution, which require the consent of two-thirds of both houses of Congress and three-fourths of the states. A change in the Constitution can only be brought about by some great convulsion or war. Whether Congress can, under its limited authority, devise any National system of currency, is a question of doubt. Certain it is that it cannot do it now, while the wild ideas of issuing an almost unlimited amount of paper money, and loaning it to the people at 2 per cent, prevails.

"All that I can say now is that I will give the subject, whenever it comes before the Senate, the most careful consideration, and express my gratification that the financial question has attracted the attention of gentlemen so well able to discuss it as yourself. Very truly yours,

"JOHN SHERMAN."

CHAPTER I.

WHAT IS MONEY?

FIAT MONEY — PURCHASING POWER OF MONEY — WILDCAT MONEY — STATE BANK NOTES — NATIONAL BANK NOTES — UNITED STATES NOTES — COMMERCIAL VALUE OF COIN — GRESHAM'S LAW — THE REPRESENTATIVE POWER OF MONEY — THE USE OF MONEY — LOST LABOR.

Many definitions of money have been given. But all either include something that properly should be excluded, or exclude something that should be included.

What is that peculiar function or power that alone constitutes an article money, and which when wanting leaves the article not money?

When everything not essential is removed, what is left?

I recall no definition wherein the words used include all that should be included and exclude all that should be excluded. I submit that the essential element of money *is its power to extinguish a debt at the will of the debtor, without the consent of the creditor, at a fixed unit of value.*

To illustrate: Jones owes Brown $100. He tenders him a gold bar, nine-tenths fine, of the value of $100. Brown refuses it. Jones tenders him two, or fifty such bars. Brown refuses them, the debt is not extinguished. Jones, having read the literature of the coin men that money is gold or silver discs stamped of certain weight and fineness, procures dies and stamps and reduces his bullion to discs of standard weight and fineness, embellished with the usual designs of ten- and twenty-dollar pieces. He tenders these in payment of the debt. They are refused, the debt is not extinguished. The *fiat* of the Nation is not on his discs of standard weight and fineness. They are not money.

Jones now tenders him $50 in greenbacks, $25 in silver certificates and $25 in United States gold coin. Brown still refuses to accept the mixture, demanding all in United States gold coin. Jones deposits the above tender in Court or in any bank for Brown, and the debt is extinguished at the will of the debtor and without the consent of the creditor. Why? Because the *fiat of the Nation says that it is a legal tender in satisfaction of all debts, public and private.*

To illustrate again: while in the United States Jones tenders to Brown English sovereigns, or gold francs, or gold marks, to the value of $100. Brown refuses to receive them, and the debt cannot be extinguished by them without his consent. These coins are not money in the United States; but they are money in England, France or Germany respectively. Why? The *fiat* of those nations make them money, a legal tender in satisfaction of debts in their jurisdiction. But the *fiat* back of the sovereigns, francs and marks does not extend to the United States; hence they are not money in the United States—only bullion or an article of merchandise. So also

only the *fiat* of the Nation, and the fiat of the Nation is thus held as collateral security for the National bank promissory note.

Instead of putting the *fiat* back of a bond, and the bond back of a bank note, put this fiat back of the note direct and leave the middle-man bond and bank out as useless surplusages.

Yet many presidents of National banks publicly express their contempt for *fiat* money: not knowing enough of their own banking system to realize that every dollar of their bank note circulation is *fiat* and is secured by the fiat of the United States.

GREENBACKS.

Now take up with feelings of respect a modest-looking greenback. It reads:

$5 THE UNITED STATES $5

will pay the bearer

FIVE DOLLARS.

Washington, D. C.

W. S. ROSECRANS, *Registrar.* I. N. HUSTON, *Treasurer of the U. S.*

Turning it over you read on the back the Nation's *fiat*: "*This note is a legal tender at its face value for all debts, public and private, except duties on imports and interest on the public debt.*"

This scornfully-spoken-of *fiat* alone makes the innocent piece of paper money "as good as gold." This is the fiat back of which are 2,500,000,000 acres of land, with all the cities, villages, banks, farms, railroads, manufactories and improvements thereon, including all the gold and silver and enlightenment, inventive genius, push, energy, and fighting capacity of 62,000,000 people.

Enough of this fiat money to run the business of the Nation, on a system free from the strangling grasp of foreign or domestic rings, syndicates or clearing houses, is what the people want. And now that the American people have started in on this job, they will not let up until it is as thoroughly finished as the revolutionary or Mexican war or the Mafia.

He is dull of ear indeed who does not hear the battle cry of financial freedom from every farm, village, city and workshop in the land. Posterity pleads, with silent fear and outstretched hands, that this generation shall not allow the fetters of financial slavery to be forged in its day and riveted upon their hands in infancy, dooming them to the tenancy of Ireland or the slavery of English workshops, with compensation that prolongs the pangs of starvation in the stinging pain of winter's cold.

COMMERCIAL VALUE OF COIN.

Much confusion has arisen, in the speeches and writings of financiers, from not distinguishing between the commercial value of the article used

for money, and the real money value. As shown, the *money value* is only the fiat of the Nation. It may be impressed on gold, silver, copper, paper, or any other material. The material will differ in its commercial value, and the commercial value will increase or decrease as the commercial demand for the article varies or as the volume of the article increases or decreases.

In 1834 the supply of gold was in excess of silver, and the silver in a dollar advanced to $1.03. In 1878 the supply of silver exceeded that of gold, and the gold in a dollar advanced to $1.37: or it might be said that the value of silver fell commercially to 73 cents in the silver dollar. The commercial value of the paper dollar is nothing. Yet the *fiat money value* of the gold, silver or paper dollar remained the same. Why? Because the United States, having placed its *fiat* on the three, is practically bound to make good the difference between the highest one and the two lower ones. That is, the United States receives a gold dollar in value when it first pays out a paper dollar, and when the paper dollar is received it returns for it the value of the gold dollar. The same occurs when gold or silver is issued as money. The Government is responsible for the difference between their commercial values.

Legislation never did and never will keep the commercial value of gold, silver, copper, or iron together, on any ratio. Legislation can only agree that the Nation shall pay the difference. It is this agreement alone of the Nation to pay the difference that keeps over $400,000,000 silver certificates on a par with gold. It is equally potent to keep currency on a par with gold.

The published statistics issued by the department in 1891 show that the ratio between gold and silver has varied for over 200 years from 14.14 to 22.09. These variations existed under free-coinage laws as noticeably as at other times. The laws of the United States fixed the ratios at 16 to 1: yet, as a matter of fact, at no time in the history of the Nation was the commercial ratio 16 to 1; it was always above or below it. (See Senator Jones's speech of January, 1891, pp. 15 to 16.) Therefore, to have a money of fixed value, the article used should have no commercial value: for the variation of the commercial value disturbs the money value.

If the commercial value of gold goes up in Europe, as it recently did, gold money will leave this Nation by the hundreds of millions. If the commercial value of silver goes up in Europe, silver money will go there, as in 1834.

GRESHAM'S LAW.

The above shows the true law, which is imperfectly stated by Gresham. He says: "Bad money will expell good." This is not the law. The law above shown, and which he attempts to state, is this: *The article used for money, having the highest commercial value in any market, will seek that market.*

This rule, when analyzed, is the common commercial rule that any article seeks the highest market. The danger in fixing our money *fiat* on gold or silver is the danger of the commercial article carrying our money *fiats* out of the country on its commercial wings, leaving us short of money:

as witness the year 1891, when $80,000,000 gold, on account of its commercial value, left us for Europe.

It was not bad money driving good money out: it was the commercial value of gold advancing beyond its money value, and seeking the best market. Subsequently gold returned by the millions, while silver was being issued by the millions per month: showing that silver did not drive gold out.

THE REPRESENTATIVE POWER OF MONEY.

We said that the essential element of money is its power to extinguish debt, at the will of the debtor without the consent of the creditor, *at a fixed unit of value.* Money therefore is a unit of value for all property, labor or damages. It is the unit representative of a day's labor, or of mental service, or land, or goods. Its unit is multiplied or subdivided so as to represent multiples or subdivisions of property or labor. It is a legal evidence of units of value of labor or property: readily exchanged for these things, to those who want this convenient *evidence* for the purpose of exchanging it again for other things they want to possess.

The representative element of money is the fact that it represents the *will* or final *mandate* of *society* on the *unit and standard of value* and *in extinguishing debts at the choice of the debtor.*

As a result of this, money represents, or is evidence of, the value of all things that human beings place a value upon; and is therefore accepted as the common medium of exchange by society.

Gold and silver coin and bullion have a high commercial value in a small bulk and convenient form, and for that reason are accepted generally as a common medium of exchange. The less the *fiat* of a nation is worth, the more reliance is placed on the commercial value of the article used; hence uncivilized nations, having no *fiat,* use gold and silver or some other merchandise for purposes of exchange.

THE USE OF MONEY.

The most important use of money is to represent subdivided or small values. No person in society wants a very large amount of any one thing at any one time; yet all want small quantities of many things at a time. Money, representing a fixed unit of values, can be conveniently cared for and kept without loss, and can be paid out for small quantities of commodities as needed. It makes it possible for men of property to employ day labor and pay for it in money.

There are today over 1,000,000 idle laborers in the United States, and men with property enough to employ them. But the laborers cannot be paid in property.

With enough money in circulation these million idle laborers would earn say $1.50 per day, or $1,500,000 per day, or $450,000,000 per 300 days.

This sum would be spent by them for food and clothes and comforts of life and homes. This would almost relieve every case of destitution in our whole land; would give additional market for all farm and manufactured products, and would soon pay off the debts of the people.

LOST LABOR.

The loss of this labor is irreparable. An idle day is gone forever. It can never be recalled, or utilized. The laborers have a loss as real as if their daily wages of $1,500,000 were burned up at the end of each day. One of the greatest uses of money is to save this labor.

To save this labor is to increase the products of the Nation, and also increase the amount consumed. Instead of scanty consumption of necessaries, the laborer will have means for a better supply of food and clothing.

The amount of labor lost, as above shown, would in two years levee the Mississippi, build the proposed Hennepin Canal, complete the Galveston Harbor and build the Nicaragua Canal.

It would annually complete current public works, develop the now dormant private industries of the people, and out of the earnings establish happy homes for all thrifty laborers. Yet all this labor is daily and annually destroyed, to the entire loss of humanity.

Resolutions by Los Angeles Chamber of Commerce. Senator Sherman's Letter.

[From the Los Angeles Times, December 12, 1891.]

At a meeting of the Chamber of Commerce last evening Judge R. M. Widney offered the following resolutions, which received the unanimous vote of the California Bankers Association at Los Angeles, March 13, 1891, and it was unanimously endorsed by a vote of the Chamber:

Resolved—That this Convention respectfully request Congress at its next session to devise a uniform money system for the people of the United States, with the gold dollar as a standard or unit of value, using gold, silver and currency for a circulating medium, in a sufficient volume to fully meet and keep pace with the growing wants of the business of the country; founding the issue of currency upon the wealth of the whole Nation; making gold, silver and currency a legal tender and exchangeable at par on demand, and fixing by a Constitutional amendment the legality of such a circulating medium, and preventing the dangers of inflation, contraction, repudiation or change in the standard of value.

CHAPTER II.

MONEY SUPPLY.

THE WORLD'S MONEY SUPPLY — IN THE UNITED STATES — COIN PER CAPITA IN SIX NATIONS — DEBT PER CAPITA — NATIONAL LOANS ASKED FOR — FLOW OF COIN — OPPOSING FORCES.

The world's coin and bullion is:

Gold	$3,984,256,589	per capita	$3 22
Silver	*4,512,754,655*	" "	*3.65*
Total	$8,497,011,244	" "	$6.87

The annual averaged product for eight years, 1881 to 1888, is:

Gold	$108,376,258	per capita	$ .08
Silver	*121,389,242*	" "	*.09*
Total	$229,665,500	" "	$ .17

The world's consumption of gold and silver annually in the arts, as nearly as can be had, is:

Gold	$64,000,000	per capita	$ .05
Silver	*21,660,000*	" "	*.02*
Total	$85,660,000	" "	$ .07

Leaving the small sum of $144,005,506, or 10 cents per capita, to be added annually to the world's working coin capital.

The business of the world cannot be run on this short supply. The nations therefore have supplemented the use of gold and silver money by the issue of some $2,178,642,376 of unsecured paper money, or pure *fiat* money, in order to conduct the world's business.

IN THE UNITED STATES

The facts are:

Gold	$694,869,680	per capita	$11.00
Silver	*485,370,497*	" "	*8.00*
Total	$1,180,240,177	" "	$19.00

The annual product in the United States is:

Gold	$32,976,000	per capita	$ .53
Silver	*64,768,730*	" "	*1.03*
Total	$97,735,730	" "	$1.56

Of this there is used for industrial purposes:

Gold	$16,697,000.
Silver	*8,767,000.*
Total	$25,464,000.

This leaves for annual coinage purposes, both of gold and silver, $72,271,730, or per capita $1.10.

The increase of population is about 2,000,000 per year, so that the annual output of gold and silver would only yield about $36 per capita for the annual *increase* of population. It could not possibly, therefore, increase the present $19 per capita, for the other 64,000,000 people. The latter can only be done by a currency issue.

The following conclusions are safely deduced from the foregoing facts:

The per capita of money in the world is $6.87. The annual increase is about 10 cents per capita.

The per capita in the United States is $19, and the increase $1.10.

Therefore the United States has about *three times* its legitimate proportion of the world's gold and silver.

The conclusion is that as the world rises to higher civilization and commerce, coin money will flow from us into those nations, equalizing the distribution of gold and silver, and constantly draining us of those commodities, and lessening our volume of money.

Notwithstanding the fact that the United States has $19 in coin, it has been compelled to issue an additional $420,372,225 in paper money, a per capita of $6.72.

In gold and silver coin European nations have as follows:

England	$ 650,000,000	.... per	capita	$18.00
France	1,600,000,000	.... "	"	43.00
Germany	645,000,000	.... "	"	14.00
Russia	250,000,000	.... "	"	12.50
Italy	200,000,000	.... "	"	86.00
United States	1,180,240,177	.... "	"	19.00
Average		"	"	25.40
All other nations	2,971,771,067	.... "	"	2.00

It will be seen at once that the six nations above named have vastly more then their per capita of gold and silver. The other nations, having only $2 per capita, will steadily drain those six nations until more of an equilibrium is reached. Here is one of the causes of the great money stringency in them. And there is no permanent or possible relief on the coin basis. India alone in recent years has absorbed over $1,000,000,000 in gold from the above six nations.

Rand-McNally's Banker's Magazine for August, 1891, says: "With the exception of England, perhaps, every country in Europe is practically insolvent."

The debt of the nations of the world is about $25,636,075,840 above their sinking fund.

The debt per capita of the leading nations is:

France	$116.25
England	87.79
Russia	30.79
Austria-Hungary	76.84
Italy	84.00
United States	14.63

From this it will be seen that the demand for money in those foreign nations is greater than in the United States, so far as the public debt is concerned. Money will there command a higher price, and will flow from us to them.

Foreign nations are, or recently were, asking loans as follows:

Austria-Hungary	$100,000,000
France (taken)	182,000,000
Mexico	40,000,000
Argentine Republic	500,000,000
Other South American states	725,000,000
African Mines and Trust Companies	350,000,000
Total	$1,897,000,000

Other foreign nations want fully as much more.

It will be seen from the above that foreign nations are in the market bidding for our coin money. They must have it at any price to meet their obligations, and will draw from us. We are also bidding for their coin. As at an auction, it is going to the highest bidder. Each is financially fighting the others to get coin from them to save itself.

The commercial value of gold and silver coin causes them to constantly flow to the place of highest market value.

Since writing the above my attention has been directed to a recent July circular of Henry Clews & Co. He says:

"On all legitimate grounds, exports of gold should now certainly end; but natural causes for the ebb and flow of the precious metal between this country and Europe are by force thrust on one side by the new plan adopted by Paris, London and Germany to treat it merely as so much *merchandise* in connection with their dealings with this country: hence their purchase at full asking price, in the same way as cotton, wheat or any other commodity. It is impossible, therefore, to judge how much or how little will hereafter be forced out of the country."

We can safely predict that the outflow of gold will continue so long as its commercial value is greater in the foreign market. Several times has the United States reduced the quantity of metal in coins to keep them from going abroad on account of a higher foreign commercial value.

As a scientific fact, the money article of a nation, for home use, should be devoid of any commercial value. Its *fiat* value would cause it to remain at home, keeping a steady volume for trade.

It is evident, from a general view of the facts, that no nation is in a position to give permanent financial relief to any other. The only remedy

is for each nation, by reason of its sovereign power, to provide its own sufficient volume of money. This power is vested in each nation; and why should any nation leave this power unused as to its own relief and whiningly beg other nations to loan it money? Why pay to use foreign money and let our own power to issue money lie dormant? We pay annually over $60,000,000 (nearly the annual money yield of our mines) for the use of some $1,500,000,000 of foreign money; whereas, we as a people have the power to issue this money for our own use, and free of cost, as a nation.

A bankers' magazine, published in the United States by a foreigner, whose editor wrote me, "This editor is in direct communication with leading bankers in England to prevent the debasement of coin (free coinage) and a paper money based on land (Widney's currency)," says in a recent issue: "The English own the United States in a far more real sense than ever George III did or could. They own the railways, the mines, the manufactories. What do they not own?"

The heaviest opposition to a sufficient and complete money system in the United States will come from English banks and financial institutions and their coöperators in the United States. England has a very soft snap in loaning her money at a high rate of interest and buying up the best properties in the United States. She will fight hard to keep us where we must use her money and pay her for it.

It is anticipated that the leading type foundries of the United States will be in the hands of a British syndicate by the middle of February. The articles of incorporation of the syndicate have been drawn up under the laws of New Jersey.—*Los Angeles Times, Jan. 31.*

CHAPTER III.

THE VOLUME REQUIRED.

THE VOLUME REQUIRED—WANT OF MONEY—BANK STATEMENTS, 1890—VOLUME OF BUSINESS—CALL LOANS—VOLUME OF MONEY NEEDED FOR UNITED STATES—A CORNER ON MONEY—FOUR ALTERNATIVES—INTIMIDATING THE NATION—DEMONETIZATION OF PAPER.

This general picture of the world's supply and demand for money, clearly shows that the nations having more than their per capita of coin will continue to lose more of it: and that the nations most in debt per capita must draw from those least in debt per capita.

Both of these laws are operating against the United States, and will continue to deplete us of our coin money.

Another law is operating with great force: our Nation is rapidly increasing in population, in commerce, in production, and the building-up of civilization on an area of 3,400,000 square miles of land. To do this requires a vast volume of money.

The financial *cinch* can be expressed in a few words. *Our demands for and use of money is rapidly increasing, and our supply decreasing.*

Here is the storm center. This is the threatening danger. And we can have no permanent safety from financial storms while these conditions continue.

Either our circulating medium must be increased sufficiently to meet the wants of our growing country, or the business of the country must be killed off until it is within the compass of our present circulation.

What are the historic facts?

Legitimate industries, representing sufficient property value, as security for loans or credit, have to shut down, *for want of money.*

The following Associated Press dispatches are a sample of the condition of the country:

"CHICAGO, August 20.—The American Wheel company, said to be the largest manufacturers in the world of wheels for vehicles, is insolvent. The total assets are $4,105,000, and the liabilities $1,800,000. Stringency of the money market and inability to secure the extension of obligations caused the collapse; twenty-five hundred employès are made idle."

"LOUISVILLE (Ky.), August 27.—The Bremaker Paper company assigned today. The assignor says that the liabilities are about $250,000, and the assets about $750,000. Financial stringency caused inability to meet maturing notes."

The above are samples of vast numbers appearing in the daily news.

Laborers by the million desiring work are idle, while employers with abundant property resources want their labor but cannot get it, *for want of money.*

Debtors having property of much greater value than their debts cannot pay their debts, *for want of money.*

The unused labor of the last five years—absolutely lost, destroyed, annihilated—would have paid off every farm debt in the United States, as well as the whole debt of the Nation, states and counties.

Yet all this was lost, *for want of money.*

A few combinations of men have been able to corner the limited volume of money, thereby depreciating the price of property, enabling creditors to confiscate the property of the debtor.

For want of money:

The failures in 1890 were	$ 190,000,000
Shrinkage in stocks and bonds in New York	600,000,000
Shrinkage in values in the United States	10,000,000,000
Banks called in over	100,000,000
The United States Treasury paid out over	200,000,000
Banks issued panic certificates	30,000,000
United States Treasury deposited in banks	30,047,118
Total	$11,150,047,116

This equals nearly one-sixth of the whole wealth of the Nation.

The July, 1891, Treasury statement shows that if it, and all of its branches, were left bare, only $51,552,064 could be added to the circulation of the country.

The Treasurer "has abandoned the idea of redeeming $40,000,000 or more of the United States bonds, if it can possibly be avoided, for the reason that it will reduce to a most inconvenient point the working balance in the sub-treasuries."

State, city and county funds are drawn out of their legal vaults and deposited in banks, all over the country, to help stem the tide of disasters occuring *for want of money.*

The Treasury report for December, 1890, shows the following facts:

The 8050 banking institutions in the United States—National, state, private and savings—show:

Due depositors		$4,603,844,157
Cash in these banks:		
	Gold coin	$ 99,811,011
	Silver	28,811,478
	Paper money	349,694,405
	Total	$478,316,894

At the same time these banks have loaned out to the people $3,893,957,799.

Here was an aggregate credit business of $8,497,801,956, done on a money basis of $478,316,694, or 5 cents on the dollar; or 10 cents on the dollar to meet the liabilities.

The volume of business in the United States the same year was over $170,000,000,000. The volume of money in the United States was $1,600,000,000, or 1 cent on the dollar for business. But the actual money for

business was not over $500,000,000, or one-third of a cent on the dollar of the volume for business.

The actual money in a country holds the same relation to the business volume that the cash in banks holds to the deposits.

When the cash reserve runs too low there is great danger.

The cash on which the business of the United States has been done became too small; the result was financial disasters of a magnitude and number never before known in the history of the Nation.

This condition of finances drives our banks to the system of

CALL LOANS

or thirty- or ninety-day paper. It would be unsafe to make time loans, as any sudden demand or stringency might occur, forcing the bank to call its money in. Who can take a call loan or a thirty- or ninety-day loan and plant an orchard or develop a farm, build a railroad, open a mine, or establish any industry? As a result, a vast per cent of all industries all over the Nation are at a standstill for want of money on time loans.

The December, 1890, report to the Comptroller from all of the National banks shows less than 2 per cent above a 25 per cent reserve. This leaves only $50,000,000, in all the banks, to do business with. Of this, the same report shows that over $30,000,000, is United States Treasury money. This leaves practically only about $20,000,000 for active use. This whole sum would not suffice to safely start a single railroad enterprise.

During the year 1891 the banks have been strengthening their reserves by calling in money from the channels of trade. The banks of England, France and Germany have drawn in over $80,000,000. The banks of the United States are rapidly drawing in millions more. There is not enough to go around; and the stronger, in self protection, are drawing it away from the others.

These facts are not overcome by the other fact that a few score of men or corporations have all they need, or even a small amount to spare. The question is, *Have they enough to spare to meet the want of the whole population and business of the country?* If so, why do they not put it in circulation?

The volume of money should be ample to meet and overcome all the foregoing demands. They are legitimate objects to be cured by an increased volume.

Generally the volume should be such that the United States Treasury could hold a working reserve of say 25 per cent of the National circulation.

So also the banks could hold a 25 per cent reserve of deposits. So also the state, city and county money could rest in the public vaults for that purpose.

Hoarding and loss by accidents could be estimated and provided for. In addition to the above reserves, there should be ample working volume in circulation among the people, sufficient for all legitimate demands, time loans as well as call loans.

More accurate figures would be suggested by the following statistics:

State and National Banks have deposits (December, 1890), $2,516,179,807. Take this as the volume of the issue and we have say:

25 per cent for United States Treasury	$629,044,951
25 per cent for bank reserves	629,044,951
State, county and city money	196,483,232
Total reserve	$1,454,573,232

Deducting the reserve from the proposed volume of $2,516,179,807, leaves $1,061,606,673 for active use.

If the above reserves were taken from our present volume of $1,600,512,402, it would legally leave only $145,939,268 for use.

There is, however, an encroachment on public funds and the United States Treasury to prevent a widespread financial calamity; about $400,000,000 being thus used, giving the 62,500,000 people of the United States a working money volume of say $550,000,000, or about $8.80 per capita.

The suggested issue would first put all reserve and public money where they legally belong, and also increase our active working volume $511,606,673 over what it now is.

A CORNER ON MONEY.

The owners of money naturally do not want the volume increased. While it is limited they can control the rate of interest and the value of all labor and products, and can dictate the price of all property.

A corner on railroad rates is dangerous: so is a corner on wheat, or corn, or sugar, wool, or any of the staple products. But of all dangers a corner on money is the worst. A corner on money is a corner on all the other corners combined, and can control the social and political as well as the producing, labor and property interests of the Nation.

Producers, pressed to pay cost of living and of production, must sell in the wholesale market. A corner in money enables only a few to purchase, and they fix the lowest price and pay out the least amount of money to the producer. The producer is compelled to buy at retail all of his various articles of comsumption, directly or indirectly, from the capitalist, who, now having a corner on the products, charges the former producer the highest price for consumption.

Pharaoh of old bought up all the grain crop of Egypt during the seven years of plenty at a low price, *and cornered the grain crop*. Then, during the seven years of famine, advanced the price and sold the cornered grain to his subjects, until at the end of the first year he had *all of their money*. During the second year he took in all of their flocks and herds for bread. The third year he bought all of their lands and *all of the people*. He now had, from the original corner on money, cornered his whole nation. So he leased them the lands for one-fifth of the crop forever. Then the nation, to use a common phrase, "*busted up*."

The tenantry and laborers of England and Ireland are practically today sold into bondage to the money Pharaohs of England.

On "Black Friday" a few men in New York cornered the money, and only for Government aid would have wrecked whole industries.

Government aid in December, 1890, alone prevented a nation's calamity under similar circumstances. And now, with over $80,000,000 coin exported and the United States Treasury practically depleted and the financial reserves on a strain, what will save from the recurrence of a "Black Friday"?

Secretary Windom said, in his last address, at the New York banquet: "Had it not been for the peculiar conditions which enabled the United States Treasury to disburse over $75,000,000 in two and one-half months last fall, the stringency would have resulted in widespread financial ruin."

It is asserted that a few men in New York control enough money on call to precipitate a panic, or close most of the banks, at any time.

Money owners will fight:

First—To make money scarcer, by retiring National notes.

Second—To keep the finances as they now are, saying matters are good enough.

Third—Will try to shape legislation so as to place the money issue under their control at some concealed point.

Fourth—Will use every strategy to delay legislation from year to year, in the mean time reaping rich harvests from forced failures.

It was published in the newspapers at the time, that when the Administration was arranging to put out the United States bonds, in the war crisis, the money power, in a contest, said to Secretary Chase: "Unless you do this as we demand, we will throw our influence in favor of the Confederacy, float their bonds, and break the United States in two." Their dictation was acceded to at once, to the Nation's loss by the millions.

"When the Geneva award had been made and the United States had $15,000,000 to its credit in the vaults of the Bank of England, Boutwell, then Secretary of the Treasury, wanted to bring the gold over to this country; but, according to his own statement, the bank notified him that if any attempt were made to bring that gold over bodily, in specie, the whole power and influence of the Bank of England would be arrayed against the proceeding." And Boutwell was compelled to obey the orders of the Bank of England.

While we are now at peace, we should so establish our finances that our Nation cannot be cornered in time of danger.

DEMONETIZATION OF PAPER.

The free-coinage advocates have very forcibly shown, that some influence demonetized silver in 1873, by legislative shrewdness, in full view of, and by act of, Congress.

The scheme was of further reach. It contemplated demonetization of paper money, in this way: allowing the United States bonds to expire, and thus retiring the National bank note circulation of some $300,000,000, and then preventing the Nation issuing legal tender.

This would reduce our total volume to about $600,000,000 gold coin.

The scheme seems to have been far advanced, when the free-coinage men discovered the situation and succeeded in increasing our volume by about $370,000,000 silver certificates.

The fight of the contractionists was thorough, but they went down before an honest Congress, as soon as Congress understood the situation.

The great issue now is, *Shall paper money be demonetized* by non-action or in an open fight?

It will readily be seen, as a conclusion from the facts stated in the three preceding chapters, that it is the *volume* of money that regulates prices and business: and not the material out of which the money is made, nor the commercial value of the article used to receive and carry the Nation's *fiat.*

The great struggle by each nation and community is to get and keep a sufficient volume. On this depends the price and stability of all other things, except as affected specially by supply and demand. It is of small concern to keep gold and silver at a steady commercial price. The worry is to keep all the other millions of articles at a steady price.

Are the free-coinage advocates willing to demonetize paper? After the public censure they have given the gold men, relating to the demonetization of silver for selfish purposes, will they advocate the demonetization of a larger sum of paper money? Recent utterances of some of the silver advocates would indicate such to be the tendency.

The most critical period in the history of the present political parties that has arisen since the war will occur in this session of Congress, and on this question of increased volume of money.

CHAPTER IV.

REMEDIES.

FREE COINAGE — CHECK AND BANK-CREDIT PLAN — 50y. 2% BONDS — CLEARING-HOUSE PLAN — LAND LOANS — SUB-TREASURY — A NATIONAL BANK OF ISSUE — GOLD AND SILVER BASIS — SUGGESTED LEGISLATION — A CONSTITUTIONAL AMENDMENT — COMMENTS.

As heretofore shown, there is not enough gold and silver in the world to supply a sufficient volume of money for the world.

As a nation we have three times our pro-rata, while other nations have a debt per capita many times greater than ours. They must have coin to pay interest and principal. Hence both of these causes operate to send our coin abroad. This fluctuating commercial value of gold and silver will disturb our volume. The output of mines is hopelessly insufficient to meet the demand.

The only remedy is to issue a sufficient volume of paper money by authority of the Nation, guarding it against inflation, contraction, or repudiation.

Numerous measures have been suggested by which an increased volume of money may be had.

If any class of persons or corporations can have the law formed so as to give them the control of the volume, or of its circulation, they will spare no effort to accomplish that object.

Many of the remedies proposed, either intentionally or otherwise, contain very objectionable features: by which classes or corporations will reap rich harvests, at the cost of the public, and no general relief be given to the Nation at large.

Among these we call attention to the following:

FREE COINAGE.

Free coinage of silver cannot give the required volume. The advocates allege that no foreign silver will come into our mints under free coinage. The act of July 14, 1890, requires the purchase of our own silver product. Senator Stewart, of Nevada, says in the June Forum: "The addition to our circulating medium up to the present time which free coinage would have caused would not have exceeded fifteen million dollars"; and, "The most serious objection to metallic money is the want of a sufficient supply."

Most of the advocates of free coinage concur in the same facts.

The only thing left to contend for is, Shall the people, as at present, buy the silver for money use at 97 cents per ounce; or shall they, by free coinage, raise the price against themselves to $1.29 per ounce? Additional price paid for silver will not materially increase its volume.

The great objection to free coinage is that our annual product available for coinage in the market is worth $46,000,000, but when coined is worth $64,000,000; a profit of $18,000,000 added by the mint. The real contest is, Shall the people have the advantage of this $18,000,000, or shall they pass an act and donate it to the silver owners?

Congress very wisely framed a law buying all the silver crop at its market value for money use, and made for the people the profit that arises by reason of their using it as money.

The saving in fifty years at five per cent interest would amount to the enormous sum of $10,993,695,800.

The advocates urge that free coinage will cause this difference to disappear. So it will: by transferring it from the buyer (the people) to the benefit of the seller (the silver owner). That is, a free-coinage act of Congress is worth 32 cents per ounce, and silver is worth the other 97 cents.

The silver belongs to the silver men, and the act of Congress belongs to the people. The silver owners ask the people to donate them an act of Congress worth 32 cents per ounce of silver, and let the people pay them for the whole thing.

As well should the American Bank-note Paper Company, which produces all the bank-note paper, under patents, be allowed to have paper free-pressed (i. e. free-coined) with Government money plates, under an act of Congress, and own all of the money thus issued. It is not that way. The United States buys the paper at its commercial value, and imprints it into money, as it now does silver and as it should do with gold.

Why should the people advance the price of silver on themselves, or give gold and silver the monopoly of money use, and demonetize paper?

There is certainly nothing more of value in the silver question than what the people now have; and under no circumstances can it give the volume required for the business of the country.

CHECK AND BANK-CREDIT PLAN.

Some financiers propose that checks and bank credit are the proper remedy; and cite the fact that about 95 per cent of the business of 1890 was done by checks and bank credits.

Well, was it not a most calamitous year on credits? It demonstrates that 95 per cent of credit is too near the danger line for safe business. Five per cent of cash was not enough to go around on pay day. Hence there was over $10,000,000,000 loss in one year, in shrinkage of value, and it called in the full financial money power of the United States to prevent general ruin.

Back of this credit was only the shifting and personal responsibility of individual firms and corporations, and a fraction of a cent on the dollar on the volume of business for final liquidation.

The volume of money was not sufficient to sustain the volume of credit. The same relation exists between the volume of money and credit, as exists between a bank reserve and deposits.

If checks and bank credit are the remedy, why were they not applied to stop the panic in 1890? Why was the United States Treasury called on for *more money*?

This whole plan is only a scheme by which banks issue a form of circulating medium, paying no interest therefor, and charging full current interest rates for its use.

Thisscheme embraces all the evils of the John Law, French Assignats, Cedulas, Continental money, and old state bank systems combined.

It also embodies the worst and most dangerous forms of contraction, repudiation and inflation, of both money and speculation, that ever floated out of chaotic financeering.

In a word, it is the most complete *wildcat* money and money system ever turned loose on a community.

The background of this scheme is to give banks absolute despotism over the money interests of the Nation—a complete corner on money.

FIFTY-YEAR TWO-PER-CENT BONDS.

This is simply a scheme to aid banks at the expense of the people, and seems to have its origin and backing in the secret councils of those who wish to monopolize the money system of the United States.

Look at it. Its advocates say: "Issue these bonds and sell them, and redeem the 4-per-cent bonds, and let the National banks buy the 2-per-cent bonds as a basis of circulation." How will it work? Will the owner of 4-per-cent bonds exchange even for 2-per-cent bonds? Certainly not. Then if you sell the 2-per-cent bonds at par and pay a premium on the 4-per-cent bonds, you will have to pay all the 4-per-cent ones will earn up to maturity. We will then be paying 6 per cent instead of 4 per cent as now, and that does not increase our circulating medium a dollar. The people are simply saddled with more interest.

The sale of 2-per-cent bonds to banks as a basis of circulation is a robbery of the people. To illustrate: The United States issues say $100,000 in 2-per-cent bonds; you, wishing to open a bank, take $100,000 cash, now in circulation, and pass it over to the United States for the $100,000 in bonds. Next you hand back your bonds as a deposit, and get back your $100,000 cash for a bank capital, and for fifty years the tax payers, through the Government, pay you 2 per cent per year, *$100,000 interest on the bonds*, for doing a banking business on your original $100,000. If you use the semi-annual interest to buy more bonds, so as to make it compound, you will at the maturity of the bonds have your original $100,000, plus $100,000 interest, plus about $70,895 bonds bought with interest on interest; making a total profit of $170,895 for doing business on your own money. But during this fifty years your original $100,000 will be loaned out to the same tax payers who are paying 2-per-cent interest on the bonds to you. This loaned-out capital will bring in ruling rates; which, by the scarcity of money, will be high.

This, with the profits arising from the periodical wrecking of business, ought to satisfy the owners of money. It will, however, engender the thought among the masses that the banks should be killed off. Our present banking capital is some $700,000,000, At the end of fifty years, operating under this bond scheme, the banks will own their bank stock of $700,000,000, plus $1,196,265,000 interest on bonds, plus $3,000,000,000 interest on the capital stock for fifty years. That is, the banks will own all the money in

the United States, and have the people in debt to them nearly $3,000,000,000. The scheme gives to the holders of the bonds a monopoly of the National bank system, as none but the owners of bonds can start a bank.

You perceive at once that this scheme will not increase our circulating medium. This, however, is not as costly to the people as the proposed silver bill, which in fifty years costs over $10,000,000,000 extra.

Another plan to place the money power in the hands of a few is the

CLEARING-HOUSE PLAN.

It is embodied in a proposed National clearing-house system, to be incorporated under an act of Congress, by which a confederation of banks can put up approved collateral with the clearing house and receive clearing-house notes, to be legal tender; the combined clearing house being responsible for redemption in case the individual bank fails to redeem. This system is put forth by a prominent Eastern banker, who asserts: "We need no more money." Yet this whole scheme is to increase the circulating medium, but giving the banks a monopoly of issuing and controlling it. Its weak point is in placing back of our currency no greater responsibility than the banks and their property. It also gives the banks the right to obtain money without interest and loan it on interest. It is a corner on money under a thin disguise.

Better let the Government issue the money, with the resources and wealth of the whole people of the United States, valued at $71,000,000,000, back of it for redemption. If the property of a combination of banks back of a money issue is good, then the wealth of a nation back of the issue is better.

As a nation we want no money for the people which is only backed by the responsibility of a small part of the people, having absolute control of it for selfish ends.

LAND LOANS.

This scheme has some sound points in it. Land can be safely used as a security in a National bank system, as well as bonds. Allowing the title to land at a valuation of, say, its average assessed value for the preceding five years, and not to exceed one-half its cash value, to be pledged to the Government under the form of a National bank incorporation, would give relief to the farming communities.

It would substitute a National bank for a Sub-Treasury; a set of bank officers elected by the farmers for their banks to manage the loans for a set of Sub-Treasury agents; a responsibility to the Government for large aggregate sums under the bank laws, instead of the inspection of thousands of small changing loans. The supervision of the Bank Examiners under the present laws as to the solvency of the bank would be all that was required, while the bank officers would supervise all detail business and loans to individuals. (See Sec. 8 to 12 of proposed Article.)

The objection to the Sub-Treasury scheme is that it is local and partisan, and only helps one class instead of all classes. There is also no limit to the issue, and it is open to the worst form of inflation. It does not

increase our volume of money. It is a plan to loan money. The issue is secondary.

The circulating medium should be issued by the authority of the whole population, and should be backed by the entire wealth of the Nation: and should be controlled for the common benefit of all, and limited constitutionally to a safe amount. The 2-per-cent bond system—the free-coinage system—the National bank, clearing-house issue, and Sub-Treasury plans—fail because they are in the interest of localities and minorities. If temporarily successful they will soon be destroyed by the majority as unjust.

Justice and equity to all must be at the foundation of any system adopted by our Nation.

At present the United States Treasury throws its reserve power to support the Eastern banks. It is very probable that the West would be denied any such relief in an emergency. Over $30,000,000 of United States money is in banks without interest, and largely without security. The recent panic demonstrated, both in the United States and England, that at times the power of the Nation must come to the financial relief of the people. This, then, should be put in a legislative system, on safe principles, within the reach of all parts of the country, for the common good.

A NATIONAL BANK OF ISSUE

Composed by all other banks taking stock in it, to issue notes under an act of Congress making them legal tender. This is the clearing-house plan in another form, elaborated somewhat to take in more banks and popularize it in banking circles. It, like the other, must have an act of Congress to give to its issue of notes a legal tender. As another form under which to corner the money, and bank system, it would be a success.

It is the same middle-man business. If the Nation can issue legal tender notes through such a round-about way, it can issue them direct on the wealth of the whole people, including all the banks as assets. If it is safe to let a limited number of banks handle the issue of money, it can be made safe for all others to help handle the issue on common terms.

There is no merit in it. It admits the authority of the Nation as the only source of issue, but asks the monopoly of the exclusive handling thereof.

GOLD AND SILVER BASIS.

An issue of paper money based on gold and silver, dollar for dollar, gives no increase in volume.

Every dollar of paper money issued locks up a dollar of coin for redemption, as our present silver-certificate plan. This scheme is solely in the interest of the coin owners, and is designed to keep the volume as small as possible. It is a direct effort to contract the money volume to narrower limits than at present, by demonetizing our unsecured paper issue.

The second step in this plan is to issue, say, three dollars of paper for one in coin held for redemption.

The financial effect of this is, that when one-third of the issue is redeemed, then there is not a dollar of coin to back the other two-thirds; which are then really backed by the wealth of the Nation alone.

The volume of money under this plan is regulated by the output of the mines. The gold and silver mines are owned principally by a limited number of wealthy people.

It is asserted that citizens of England own most of the leading gold and silver mines in the United States. The owners of these mines can at any time stop the output or ship it abroad, and thus limit and contract our money supply. This scheme could be very cleverly worked to aid in cornering the money of the country.

Gold and silver are not the basis of money. They are only a part of the merchandise of the Nation. It is the whole wealth, power, and good faith of the Nation that gives money its value. Gold and silver represent about one-seventieth of the Nation's wealth. Our total wealth is $1,000,000,000 in coin and $70,000,000,000 in other property. If the first is good back of our paper money alone, it is better when the other is added.

The true plan is, place all of our gold, silver, real estate, improvements and National wealth, of some $71,000,000,000, back of our money issue direct, and for the benefit of the people. The greatest danger in the full solution of the money question is that the gold and silver men will combine to demonetize currency in favor of gold and silver. No one supposes that silver coin will ever be used as money to any great extent. What the silver men want is paper money, backed by the wealth of the Nation, issued to them for their silver at a par with gold. They do not want their silver coined and delivered to them for circulation. They know it will not circulate on account of its bulk. They want paper money for it, at an advance on its market value.

SUGGESTED LEGISLATION.

In preparing the proposed amendment to the Constitution and bill for Congress, I have retained the safeguards in the money systems of the United States, England, France and Germany, and have added such measures as will give a uniform, practicable, elastic system, free from inflation of currency or speculation, free from contraction, repudiation, or a change of a standard of value; using all of our gold and silver, and supplementing their use by a safe volume of paper money, representing about two cents on the dollar of our National wealth; so issued and circulated that no class or section has any advantages over the others.

A CONSTITUTIONAL AMENDMENT

Should be placed at the foundation of any proposed system.

The greatest danger in our present system is the doubt of the Constitutional power of Congress to make paper a legal tender. The United States Supreme Court decided, by five justices to three, that Congress had no power to make paper money a legal tender, Chief Justice Chase rendering the opinion. [Hepburn vs. Griswold, 8 Wall. 603-639]

One of the five resigned; Congress increased the number of judges from eight to nine; the two vacancies were filled by men who, joining the opinion of the minority, held that as a war measure Congress had power to make paper money a legal tender. [Knox vs. Lee, 12 Wall. 457-480.]

This decision stood, five justices to four. Three more of the four died, and their places have been filled by those who believe in this power; and

in its latest decision the Court holds that Congress has unlimited power to issue paper money a legal tender in any desired volume.

Here is the danger of the John Law, Argentine Republic, and Continental money schemes: inflation without limit. Even now are proposed measures that have no limit to the currency issue. A future administration, appointing judges who took a different view of the law, could at any time overrule the decisions and hold that Congress had no such power, and that the whole currency issue was unconstitutional and void, and not even a claim against the Nation. Here is one of the dangers of contraction or repudiation. Such a decision would leave gold and silver money in absolute control, and debtors would be at the mercy of creditors.

The danger of inflation, contraction, repudiation, or change in the standard of values, must be constitutionally removed from our system.

A safe, stable money system is one of the essential elements of prosperity for this Nation. The system must stand before the people of this and other nations, founded upon and guarded by constitutional power; protecting it from these dangers and pledging the faith and wealth of the Nation back of the issue as the will of the Nation to exchange gold, silver and currency at par when required in business.

An amendment worded about as follows would cover the ground:

PROPOSED CONSTITUTIONAL AMENDMENT.

ARTICLE XVI.

SECTION 1. A National currency circulating medium shall be issued to the amount of twenty dollars per capita, as shown by the census of 1890, and by each succeeding census, for the proper redemption of which, when required, the resources, the faith and the property of the Nation are pledged; for which redemption, Congress, by a two-thirds vote of each house, may provide for the collection of Government revenues and taxes in gold and silver coin.

SEC. 2. Said currency, with gold and silver coin of these United States, of present weight and fineness, the gold dollar being the standard or unit of values, and such currency as may be issued in lieu of gold and silver coin, or bullion held exclusively for exchange for currency, shall constitute the only legal money of these United States; and shall be received at par in satisfaction of all obligations for the payment of money within the jurisdiction of these United States. Said gold and silver coin and currency shall be exchangeable at par value.

SEC. 3. Congress shall have power to enforce this article by appropriate legislation, but shall not have power to increase or decrease said issue; *provided*, that after the issue of 1900, Congress may, by a two-thirds vote of each House, reduce the additional issue per capita at any census.

COMMENTS.

This amendment, underlying our National system of finances, would give us the best foundation and safeguards ever yet adopted by any nation.

Section 1 makes the money constitutional. No congress, and no court, can ever cast a cloud upon it.

By fixing the volume per capita, it guards against the dangers of the John Law, Argentine Republic, or other systems, that have wrecked the finances of nations using paper money, by inflation.

It also provides that the volume at each census can be increased to the standard per capita. This prevents contraction from increase of population.

It also pledges the faith of the Nation to use the wealth of the Nation for redemption when needed. This prevents repudiation.

No fixed time is required for redemption. To redeem means to reissue to meet further money wants.

The volume of $20 per capita, in addition to gold and silver, is suggested. This, with our present $19 per capita in coin, would give us a volume of about $39 per capita.

France uses about $50 per capita, and is not larger in area than Texas; her cities closely connected by lines of transit, so that money can be quickly sent to the relief of any point. If our volume were $50 per capita it would be a safe volume. This amount would, however, be fixed by the best judgment of Congress. It might safely be left to a two-thirds vote of each House to control the issue between $20 and $30 per capita. A few words added in Section 1 would accomplish this object.

Section 2 makes the money a legal tender. It keeps the coin at present weight and fineness: thus preventing the coinage from being debased by extra alloy or by reducing the quantity of pure metal in the coins, as was several times done in France and England and once in the United States.

It also allows gold and silver to go into the United States Treasury and an issue of currency to go out for commercial use; the coin to be held exclusively for exchange for currency, as the Bank of England does.

This section also fixes the gold dollar as the abstract standard of value; it at the same time does full justice to silver, by making it a legal tender equally with gold. The gold dollar is today the standard by which all values in the United States are rated or measured; and as an abstract standard of values, this amendment removes from controversy or doubt that disturbing element by fixing the gold dollar as the standard or unit of measure.

The double standard is not, and really never was, required. The use of the two metals on equal terms as money, the Government being responsible for any difference in the commercial values of the metals, is all that can be accomplished by law.

When a gold, silver or paper dollar is issued, the people make the difference in the commercial value, if any, and when exchanged return the difference. Neither gold, silver or paper can ever be demonetized under this amendment.

Section 3 permits Congress to control the increase of volume within the fixed constitutional limit, to meet the increase of population after 1900. This will protect against too much money, and is safely lodged in a two-thirds vote of each House.

AS GOOD AS GOLD.

No nation can place back of its issue such security as this amendment would give to American money. England cannot back an issue with the resources of Canada, Australia, India, or her African posessions: for at

any time they might leave England and set up for themselves, leaving only the little island responsible for the currency issued.

France or Germany is too small. Russia is too insecure. But the United States, with its vast area, its peaceful and stable form of government, its citizens each an owner in the currency, is in a position to issue a currency that would be received by any nation as a medium of exchange, a representative of gold at par. Such a legal-tender note is, in money effect, the clearing-house certificate of the Nation, backed by the National wealth, good in any clearing house in the United States; instead of a certificate backed by any number of banks, and only good where they wish to accept it by common consent.

Such a note has the legal effect of a check signed by the authority of the United States, backed by over $71,000,000,000 of the people's wealth, good at any counter of any bank; instead of an individual's check, good only where he is known, or at his own bank. It is the promissory note of the Nation, secured by a constitutional mortgage on over 2,500,000,000 acres of land, with the cities, railroads and improvements and civilization thereon, payable to bearer and good from any debtor to any creditor; instead of the private note of a corporation or citizen, good only in porportion to his ability to pay it, and discounted when he wants to use it.

It is the representative of all values or damages, for exchange purposes, mutually agreed upon by 62,000,000 people for their joint and mutual benefit; backed by a constitutional bond to secure redemption when required, on which bond the people pay no interest.

Such a currency circulating medium possesses all the elements of safety offered in all the other proposed systems combined, and many others that cannot be introduced into any other system, and *is as good as gold.*

The general plan proposed is this:—

A total volume of money of $2,500,000,000; of which there is:

Coin in the United States	$1,180,240,077
Issue legal-tender paper	1,319,759,923
Total	$2,500,000,000

As the coin or bullion comes into the United States Treasury, issue more legal-tender paper therefor. So if all the coin should come into the Treasury there would be $2,500,000,000 legal-tender paper in circulation, and $1,180,240,077 coin in the Treasury to exchange at any time in taking up the paper legal-tender.

As a matter of fact, the coin would never be all at once either in or out of the Treasury; but would flow in and out as trade required it.

If the paper money were deemed a public use and made exempt from all taxation, and coin were subject to taxation at its commercial or commodity value, it would result in a full supply of coin always in the Treasury to avoid taxation. This would be the cheapest way to always preserve a full coin reserve. This non-taxation of currency would result in a porportionately lower rate of interest, and would fully compensate the owners and users of money, as well as the tax payers on other property. Money

generally eludes taxation and the public get no return benefit; under the above plan a benefit occurs to the public of great value.

But someone will say, "What will prevent gold or silver going above par?" Nothing.

These metals, as to their commercial value, always have and always will fluctuate according to market demand. The banks of England, France, Germany and Russia have, during May, June and July, 1891, been buying gold and paying a premium on it. Paper money will bring a premium at times for special purposes; so will any other article.

Under the system proposed these laws will operate as they always have in the past: but the increase of paper money will lessen the demand for coin and have an effect in steadying its commercial value.

Rhodes' Banking Journal for August, 1891, says:

"The most striking feature of the report of the Bureau of Statistics is the large excess of gold exportation for the fiscal year; being, as it is, the largest excess of gold exportation in any one year within the history of the country. The excess of the gold export amounted to $68,117,110. This indicates that the annual gold product of the United States, and about thirty-eight millions more from the accumulated stock on hand, went abroad."

CHAPTER V.

PROPOSED ACT OF CONGRESS.

COPY OF BILL — ISSUE — RETIRING — CANCELLATION — BANKS — BULLETIN OF FINANCES — RECIRCULATION OF MONEY — INSURANCE — NON-TAXATION OF CURRENCY.

It is a rule in law that legislative enactments, to produce new results, should use as much of existing laws and methods as possible; for the reason that we are familiar with what has been in use, and know how to use it.

Operating under this rule, I have taken existing laws, as shown in the act of June 3, 1864, as the framework of a new or complete system of finance for the United States; and have added to it such sections and parts of sections as will, with the proposed amendment, produce a comprehensive, uniform system; easily understood and easily operated by those familiar with existing laws, and embracing the principles set out in the foregoing pages.

I have added the best and safest features from the English, French and German finances, and have carefully excluded, by the proposed constitutional amendment, the financial danger of the John Law, French Assignates, Argentine Republic, Continental Currency, Alabama or Mississippi schemes or systems.

The system can use all of our American output of gold and silver, and a supplemental volume of paper money sufficient in quantity to safely do the business of the Nation.

The paper money to be used by authority of the people, backed by the wealth of the people, and circulated for the benefit of the people.

All present forms of paper money to be taken up by the new issue, uniform in appearance, thus getting rid of seven or eight different kinds of paper money now in circulation.

That the reader may see exactly how the system will appear when formulated into law, I have appended a proposed bill in full, with explanatory comments under each section.

My system is based on the following analysis:

I. Issue.

II. Circulation.

Under the head of Issue I provide, constitutionally, for:

1. Unquestioned authority.
   (The people of the United States.)

2. Absolute safety from :
   Inflation.
   Contraction.
   Change of the standard of value.
   Repudiation.

3. Sufficient volume :
   Say $20 to $30 per capita,
   in addition to gold and silver.

4. Elasticity of volume :
   An increase at each census.
   (See Amendment, p. 32.)

Under the head of Circulation I provide, by act of Congress, for circulation through :

1. Government channels.
2. Commercial channels.

Under Government channels :

(*a*) Take up all other forms of paper money.

(*b*) Meeting usual current Government expenses.

(*c*) Carrying out a proper National system of public improvements of harbors, rivers, and public buildings, in each locality where the United States has permanent post offices or other permanent work ; building a navy and coast defenses (the Congressional Committee report that about $500,000,000 will be used in this work); supplying money for the benefit of all the people, by means of certain 2-per-cent bonds issued by states, counties and classed cities, and purchased by the United States.

Circulation through commercial channels embraces :

(*a*) A banking system, under National inspection, to protect as well as may be the people who do business with banks ; the system so organized that the banks can place certain state, county, and city bonds and real estate with the United States Treasury (under carefully guarded safety conditions), on which they can obtain loans or rediscounts with which to meet fluctuating demands of trade.

(*b*) The banking system is so arranged that farmers or others owning lands can obtain loans thereon under the safeguards of a banking system.

(*c*) Inflation of business is provided against, by increasing the rate of interest paid to the Government by banks on each additional sum of $50,000. This increasing rate of interest can be made to reach a point where it becomes unprofitable to use money, forcing a curtailment of business instead of an actual destruction of established enterprises. This is the method adopted by banks, and is now adopted in the German system of finances.

Under the foregoing analysis it will be seen that the financial plans suggested by other writers are mainly directed to some subdivision of the department of circulation, and only incidentally refer to issue.

Hon. Mr. Harter's plan only refers to a partial method of issue and circulation.

The Sub-Treasury plan refers principally to circulation, based on non-perishable farm products.

The land-loan plan refers to circulation based on lands alone.

Hon. Mr. Norwood's plan is limited almost entirely to circulation by means of states.

They are all open to the dangers of inflation, contraction, repudiation and change of the gold standard of value, and leave the department of issue in as unsafe and chaotic a condition as it now is. Now that Congress has directed attention to the subject, it should devise a system complete in the department of issue and circulation, with the gold dollar as the standard or unit of value; using gold, silver and currency for a circulating medium, in a sufficient volume to fully meet and keep pace with the growing wants of the business of the country; founding the issue of currency upon the wealth of the whole Nation, making gold, silver and currency a legal tender and exchangeable at par on demand; and fixing by a constitutional amendment the legality of such a circulating medium, and preventing the dangers of inflation, contraction and repudiation, or change in the standard of value.

It is wholly unnecessary that our National money system should be so framed as to be open to any of the dangers of the John Law, French Assignat, Argentine Republic, Alabama, Mississippi, old state bank or of any other system that has failed.

At the same time, it is not difficult to embrace in our system all of the beneficial principles that have stood the working test of time.

The scheme formulated by me in a proposed constitutional amendment and act of Congress is the result of a careful study of the financial schemes referred to, and carefully provides against their dangers.

It embraces the best features of the systems of the United States, England, France and Germany.

If it were adopted, with such improvements as might be suggested, it would give us a money system that would require very little adjusting in the future, and that would satisfy the demands of our civilization and business. But it will not give a special benefit or monopoly to any class; all will share its benefits equally.

See pages 39 et seq. for copy of proposed bill and comments thereon.

PROPOSED BILL.

The parts in italics show where this Bill differs from present act of June 3, 1864. The part not in italics is the present law.

A BILL

TO PROVIDE A NATIONAL CIRCULATING MEDIUM, AND TO PROVIDE FOR THE CIRCULATION THEREOF.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled:

*SECTION 1. That there shall be established in the Treasury Department a separate Bureau, which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and circulation of a National circulating medium. The chief officer of said Bureau shall be denominated the Comptroller of Finance, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President of the United States, with the approval of the Secretary of the Treasury, by and with the consent of Congress, and shall hold his office for the term of ten years unless sooner removed by the President with the consent of Congress. He shall receive an annual salary of *eight* thousand dollars; he shall have a competent deputy appointed by the Secretary, whose salary shall be *four* thousand dollars per year, who shall possess the power and perform the duties of the Comptroller during a vacancy in said office or during the absence or inability of the Comptroller. The Comptroller shall employ, from time to time, the necessary clerks to discharge such duties as he shall direct. Such clerks shall be classified by the Comptroller, subject to the direction of the Secretary of the Treasury, which clerks shall be classified in the manner now prescribed by law. Within fifteen days after notice of his appointment he shall take and subscribe the oath of office prescribed by the Constitution and the laws of the United States, and shall give to the United States a bond in the penal sum of one hundred thousand dollars, with not less than four responsible sureties, to be approved by the Secretary of the Treasury, conditional for the faithful discharge of the duties of his office. The Deputy Comptroller shall also take oath of office, and give a similar bond in the sum of fifty thousand dollars. The Comptroller or Deputy Comptroller shall not, either directly or indirectly, be interested in any association doing a banking business under this act.

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*This section is the present law; unchanged except as to the Comptroller's salary, which is changed from $5,000 to $8,000, and the Deputy's, which is raised to $4,000. Many think that the salaries should be much greater so as to secure the entire attention of able men. These sums are only suggestive.

SEC. 2. And be it further enacted:

That the Comptroller of Finance, with the approval of the Secretary of the Treasury, shall devise a seal, with suitable inscriptions, for his office, a description of which, with the certificate of approval by the Secretary of the Treasury, shall be filed in the office of the Secretary of State, with an impression thereof, which shall thereupon become the seal of office of the Comptroller of Finance, and the same may be renewed when necessary. Every document executed by the Comptroller, in pursuance of any authority confirmed on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Comptroller, certified by him to be correct copies of the originals in his office, shall in all cases be evidence equally and in like manner as the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

SEC. 3. And be it further enacted:

That there shall be assigned to the Comptroller of Finance, by the Secretary of the Treasury, suitable rooms in the Treasury Building for conducting the business of the Bureau of Finance, in which shall be safe and secure fire-proof and burglar-proof vaults in which it shall be the duty of the Comptroller to deposit and safely keep all plates not necessarily in the possession of engravers and printers, and other valuable things belonging to his department; and the Comptroller shall from time to time furnish the necessary furniture, stationery, fuel, light and other proper conveniences for the transaction of said business.

SEC. 4. And be it further enacted:

That the Comptroller of Finance, under the direction of the Secretary of the Treasury, is hereby authorized and directed to issue *currency notes* in the name of the United States of America *to the amount of $20 per capita of the population of the census of 1890, in addition to gold and silver coin. Upon ascertaining each following census the issue shall be increased to said $20 per capita. In addition thereto he shall issue similar currency notes in lieu of gold or silver coin of the United States, or bullion deposited or held exclusively for exchange for currency notes as may be provided by law.* In order to furnish suitable notes for circulation the Comptroller of Finance is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and to have printed therefrom, on paper or similar material best adapted therefor, and numbered, the quantity of currency notes, of the denominations of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars and five hundred dollars, as may be required to supply the issue herein called for. *The number of each denomination in use shall be such that the needs of the people shall be best subserved thereby. The notes of each denomination shall be consecutively numbered. That a duplicate of each denomination and from each successive plate used shall be perforated with the word "duplicate," and carefully preserved for use in the identification of the originals, and for the detection of counterfeits, by comparison therewith. Said notes shall express on their face that they are issued by the Government*

*of the United States of America as the circulating medium of the people of the United States. They shall have the written or engraved signatures of the Secretary of the Treasury, and of the Comptroller of Finance, and the imprint of the seal of the Treasury, and shall bear such other statements and devices as the Secretary of the Treasury shall direct, and shall contain a statement that "This note must be surrendered to the Comptroller of Finance in exchange for a new note of similar denomination during the year" (stating the year for retiring the same). Said notes, and gold and silver coin of the United States, shall be received at par, in satisfaction of all obligations within the jurisdiction of the United States for the payment of money. Said gold and silver coin and currency shall be exchangeable at the face value thereof.**

SEC. 5. And be it further enacted:

That it shall be the duty of the Comptroller of Finance to receive worn-out and mutilated circulating notes issued hereunder, and with the Secretary of the Treasury the Comptroller of Finance shall compare said notes with the duplicates thereof on file, and when satisfied that the same are the originals issued under this act, they shall be destroyed by being burned to ashes in the presence of the Secretary of the Treasury and the Comptroller of Finance and such other person as the President shall designate.. A permanent book of record of the destruction of such notes, with sufficient descriptions thereof, shall be kept by the Comptroller of Finance *and published in the Bulletin of Finance.* After said destructions of said notes, new notes of the same denominations and number shall be issued to the owners of the destroyed notes, of which duplicates shall be kept as hereinbefore provided. Such new notes shall be marked second series or third series as the case may be.

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*This provides for the issue of $20 or any other fixed sum per capita on the census of 1890, and for an additional issue at every census so as to bring the issue up to the requirements of increased population and business.

It also provides that additional currency can be issued dollar for dollar for gold or silver bullion held for exchange of any currency notes.

The paper is much more desirable for business use, while the coin will be held therefor in the United States Treasury to exchange for any of the currency issued.

The total volume of coin and bullion in the country is about $1,180,239,077. The additional currency would be about $1,319,760,923. Total $2,500,000,000.

When the coin is in the Treasury a proportionate amount of currency would be additionally in circulation.

This issue would represent about 2 cents on the dollar of our National wealth of some 3,400,000 square miles of the richest land in the world, which, with the wealth thereon represents about $71,000,000,000.

Based on the proposed constitutional amendment, this would give us the safest, soundest system of finances any nation ever had and would make us the banking nation of the world. We now pay annually over $60,000,000 interest and profits to foreign capital for the use of money. This nearly represents the output of our gold and silver mines. By issuing our own full volume of money we save this $60,000,000 for the benefit of our own people.

In case of a war or other emergency the United States could issue its bonds and borrow of the people out of the volume in their hands instead of being forced to seek foreign money.

SEC. 6. And be it further enacted:

That in the year following each second census, beginning with the census of 1910, the entire issue of circulating notes shall be retired and destroyed as provided in Section 5 herein. And under the provisions of this act a new issue shall be made, from new dies and plates and with new designs, and shall be substituted for the retired notes; and during the year for retiring said notes each banking institution, doing business hereunder shall, during the months of January, February, March and April, forward to the Comptroller of Finance at least 25 per cent each month of said notes in its possession, and in exchange therefor the Comptroller of Finance shall issue the new notes of the same denomination. During the remaining months of the year each of said banking institutions shall monthly forward all of the old issue of notes it may have or receive to the Comptroller of Finance for destruction and exchange. During said remaining months of said year for retiring said old issue, any person or corporation may forward notes of the old issue for destruction and exchange to the Comptroller of Finance. After the expiration of the said year for the retiring said old issue of notes, the said old issue shall cease to be lawful money of the United States, and shall only be received by the Comptroller of Finance for destruction and exchange, and shall be so received until the outstanding old issue is entirely retired and destroyed. The dies and plates used in producing the old issue of notes shall be destroyed by fusing in fire in January of each year of retiring, in the presence of the Secretary of the Treasury, the Comptroller of Finance, and some person appointed by the President. A record of the destruction of said plates shall be kept in the office of the Comptroller of Finance.*

SEC. 7. And be it further enacted:

That for the purpose of putting said notes in circulation the Comptroller of Finance shall be authorized to retire all outstanding notes or currency of the United States, and to buy such legally issued bonds of the states, counties, and incorporated cities of over 5000 inhabitants, as he deems proper. Said bonds to be issued by said states, counties and cities, for a valuation not to exceed five per cent of the average assessed value of the real estate in said state, county, or city, for the five years preceding the issuance of said bonds, deducting from the said issue of bonds the par value of any other outstanding bonds issued by said state, county or city. Said bonds shall be a lien on all personal and real estate in said state, county or city, except public property, and shall bear interest at the rate of two per cent per year, and shall not run to exceed twenty years. The interest shall be payable annually to the Comptroller of Finance at Washington, and a sinking fund shall be provided in each case sufficient to liquidate said bonds at or before maturity. The public issuance of such bonds, their delivery to the Comptroller of Finance, and the receipt of the circulating notes therefor, shall be deemed conclusive evidence of the legal issuance and validity of said bonds, and thereafter no

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* Section 6 contains new matter providing for a surrender and cancellation, every twenty years, of the whole issue, and replacing the same by a new issue from new plates and new designs. Counterfeiting appliances will thus be rendered useless, and their issue rendered worthless. The currency notes lost or destroyed can be replaced, thus keeping up the *volume*.

defense shall be set up to the payment of principal or interest, or to the levying and collecting of taxes therefor. All objections or defense to the issue of said bonds must be made by the parties interested prior to the delivery thereof to the Comptroller of Finance, otherwise they are forever waived and barred as a defense. Said bonds may be sold by the Comptroller, and such bonds or any United States bonds may be deposited at par by banks, with the Treasurer as reserve security, on which said banks may obtain the use of money as hereinafter provided.

*If said state, county, or city shall fail or neglect at any time to levy and collect a sufficient tax to meet the obligations of said bonds, there shall be immediately due and payable to the Comptroller of Finance a tax on the real and personal property in said state, county, or city in default, on its last assessment roll, sufficient to meet said payments and costs of collecting the same; and the same shall be collected by any person or persons appointed therefor by the Comptroller of Finance, who shall have power, where said tax is not paid within thirty days after it is levied, to collect the same by seizure and sale upon warrant issued by any judge ex parte of any court of original jurisdiction, state or National, having jurisdiction of the property. The United States may become the purchaser of such property. Redemption may be made within one year after sale, by paying the amount due on the sale, costs and interest thereon at ten per cent. Provided that no bonds shall be purchased hereunder except such as by state laws are made subject to the terms of this act.**

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*This section is entirely new. After the Government has prepared for issue the $1,319,760,923 currency, what will be done with it? It cannot be given away. This section provides a method of putting a part of it in circulation for the benefit of the people.

There would be taken up all forms of unsecured paper money of the United States about—$534,088,802; leaving $785,672,121 to be put into circulation.

The debts of states, cities and counties of the United States is about $834,847,679.

Of this about $750,000,000 is outstanding bonds maturing annually through a period of years. Under this section these states, cities and counties can issue certain 2-per-cent bonds, which can be purchased with the issued money of the United States. These bonds can only be issued for say 5 or 10 per cent of the averaged assessed value of the property for the preceding five years, deducting outstanding bonds. Under this provision some $200,000,000 bonds of states, cities and counties would be absorbed the first year, still leaving $585,672,121 to be put in circulation under Sections 8 and 34.

This purchase of bonds in the discretion of the Comptroller from states, counties and cities is equivalent to a direct 2-per-cent loan to the people on all their real and personal property, including the perishable property as well as the non-perishable property.

It is much farther reaching in its popular benefits than any Sub-Treasury scheme, and does not require an army of agents to run it. It saves to the people about 4 per cent per year on all interest-bearing bonds; and will eventually reach a loan of some $700,000,000 to the people, and will save them annually about $28,000,000.

Power is given the United States to collect principal and interest in case of default, but no default would occur. Bonds may be classified as to security as follows: United States Bonds, State Bonds, County Bonds, City Bonds. These by the laws are a lien on all property until paid, and are

SEC. 8. And be it further enacted:

That associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five, who shall enter into articles of association, which shall specify in general terms the proposed name of the association, the object for which the association is formed, and the proposed capital stock; and may contain any other provisions not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs, which said articles shall be signed by the persons uniting to form the association, and a copy of them forwarded to the Comptroller of Finance, to be filed and preserved in his office. Attached to said articles of association shall be a schedule *of the bonds or real estate offered and known as "the reserve security" as herein provided for, which schedule shall accurately describe said bonds, and real estate and the improvements thereon, stating in whom the title is vested in fee simple absolute, free of all incumbrances or liens, and giving the yearly assessed value of said real estate for each separate year for state and county purposes for the five preceding years, which schedule shall be certified to as correct by the proper keeper of the records of title of said property. Upon receipt of said articles and schedule, the Comptroller of Finance shall proceed in whatever manner he deems best to verify the facts set out in said schedule; and when satisfied that the average assessed value for said five years next preceding is not in excess of half of the actual value of said real estate*, and that the schedule is otherwise correct as to its statement, he shall notify said persons of that fact of the name approved by him for the association.†

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paid by taxation under this section. When once sold their validity can never be questioned.

They would be readily purchased by banks and financiers everywhere, on account of their safety.

Below them range the bonds of the railroads and of other private corporations.

The United States bonds will soon go out of existence, and the National bank note issue will cease.

This section provides that state, county and city (of over 5000 or 10,000 population) bonds may be purchased by the United States, and resold to banks; to be used, as United States bonds have been, as a collateral security on which banks can draw money to meet expanding and contracting demands of trade. No stringency or panic of the money market could ever occur, as the United States would be legally back of all banks; as it was illegally back of Eastern banks in the panic of 1890.

This system will largely equalize money all over the United States, and give a low uniform rate of interest of 3 to 4 per cent; and will forever prevent a corner on money.

This system will meet with the most bitter opposition from owners of money, foreign or domestic, who desire to keep the volume of money under their control. It will meet with the support of all users of money, and of the laboring classes. Shall the users of money become the slaves of the owners of money?

Shall the owners of money absolutely dictate and control the volume of money? Shall the money be issued by the authority of all the people, backed by the wealth of all the people, and then be turned over to a few to use as an engine of oppression against the masses who issued it?

†Under this section National banks can be formed. Under the old law, only the United States bonds could be used to start a National bank. As

SEC. 9. And be it further enacted:

That the persons uniting to form such an association shall make a certificate of organization, which shall specify:

First—The name assumed by the association.

Second—The place where its operations of discount and deposit are to be carried on, designating the state, territory or district, and also the particular county and city, town or village.

Third—Its capital stock, and the number of shares into which it shall be divided.

Fourth—The names and places of residence of the shareholders, and the number of shares held by each.

Fifth—An accurate copy or the schedule of *bonds or real estate attached* to the articles of association provided for in section 8.

Sixth—A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act, and that said *bonds and real estate are for security as required in this act.*

The said certificate shall be duly signed and acknowledged by each of said persons, in the manner required by the law of the place for acknowledging conveyances of real estate, to entitle them to be recorded. *When duly certified therefor said certificate shall be recorded in the proper book of record of the county or district in which the real estate is situated: thereafter no lien or claim shall attach to any of said real estate, except such as*

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these bonds had been largely sold to foreign capitalists, no new National banks could be formed unless such new banks paid for these bonds whatever premium was asked.

It was a cold-blooded corner on United States bonds. The premium was run so high that people could not afford to buy them for banking, and *this gave a corner on National banks.*

This section 8 prevents all corners on the banking system of the people.

Banks can use certain bonds of states, counties, and cities. Real estate, on a safely guarded system, can be used, and the title be placed in the United States the same as the bonds, and used to the extent of the averaged assessed value of the property for the preceding five years. Under this, banks could utilize their bank buildings. It would encourage every bank to become the owner of its own building, and to erect substantial structures. As it now is most banks are tenants, not daring to invest funds in a building for its business.

This would add to the stability of the banking business, and give greater security to the people. Under this and sections 9-10-11-12, the owners of lands may use them in banking, the same as bonds, as collateral security.

This will enable farmers or other land owners to incorporate a National bank, using their land as a basis for security to the Government.

This is better than the Sub-Treasury plan; for under this system the farmers can elect their own officers and handle their own money affairs, through the banking system. A bank being incorporated for twenty years, could during that time handle the affairs of a farming community: without the constant work of new loans, under the Sub-Treasury plan.

When the money was not needed, at any particular season or year, it can be returned to the United States Treasury, stopping interest. When again required for use, it is obtained from the Treasury.

Individuals conducting large enterprises in the West and South, or in other places, can utilize their real estate, under these banking privileges, to get the use of money for twenty years: thus enabling them to safely carry to success long-time plans and industries.

shall be wholly subordinate to the prior claim under said certificate against said real estate for the purposes of this act. When duly recorded the said certificate shall be transmitted to the Comptroller of Finance, who shall record and carefully preserve the same in his office. Copies of said certificate, duly certified by the Comptroller of Finance and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the jurisdiction of the Government of the United States of the existence of said association and of every other matter that could be proved by the production of the original certificate.*

SEC. 10. And be it further enacted:

That no association shall be organized hereunder with a "reserve security" greater than one million dollars, or with a less "reserve security" than twenty-five thousand dollars, nor with a capital stock of less than fifty thousand dollars.†

SEC. 11. And be it further enacted:

That whenever a certificate of organization has been received and filed by the Comptroller of Finance, and is found by him to fully comply with the requirements of this act, the Comptroller of Finance shall proceed to investigate, in the manner deemed best, the personal standing, financial condition and record of the persons seeking to form the association, also the object of the association, the location and value, present and prospective, of the real estate described in said certificate of organization, and any other facts that may aid him in determining the desirability of such an association and the probable safety of its business affairs and management. The Comptroller of Finance may use such special means as he deems best to safely ascertain the facts above referred to. When it shall appear to the satisfaction of the Comptroller of Finance that the association is lawfully entitled to commence the business of banking with safety to the Government and to the people, he shall issue to such association a certificate under his hand and official seal that such association has complied with all the provisions of this act required to be complied with, and that such association is authorized to commence the business of banking, designating the place of business, fully naming the directors and officers thereof for the first year and its capital stock *and character and amount of reserve security.* The said certificate shall be published in such local newspapers, for sixty days, as the Comptroller of Finance shall designate. From the date of said certificate said association shall be deemed a body corporate to transact the business of banking hereunder, with the usual rights, powers and duties of banking

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*SEC. 9. This section provides for forming banks and placing bonds, of states, counties and cities, and real estate, with the United States Treasury as a reserve security on which to draw money when required.

†SEC. 10. There are some six thousand banks that would probably come under this system. Their reserve security would probably aggregate $400,000,000. But of course this would never be drawn on at once, as all localities would not require it at the same time. Probably not to exceed $100,000,000 would ever be in actual use at any one time. With such a reserve power back of our banking system, a panic or stringency would be impossible.

corporations, and shall exist for the period of twenty years. An impress of its corporate seal shall be filed with the Comptroller of Finance and with the Secretary of the Treasury.

SEC. 12. And be it further enacted:

*That thereafter, upon the demand of said association, the Comptroller of Finance shall issue to said association a warrant on the Treasury of the United States, for circulating notes of the Government to the amount of the said average assessed value of real estate, or the par value of said bonds deposited by said bank, or for any part thereof, as demanded from time to time, which warrants, upon presentment duly endorsed, shall be paid out of the Treasury in the notes issued hereunder. Said sum or any part thereof, may, on the first of any quarter of the year, be returned to the Treasury.**

SEC. 13. And be it further enacted:

That the affairs of all associations for banking purposes formed hereunder shall be managed by its board of directors, which may be in legal session on any Monday from 10 A. M. wherein a quorum is present, and on any other day where, after notice, a quorum may be present, or to which a regular session may be adjourned, a quorum being present.

Every director shall be a citizen of the United States during his whole term of service; and at least three-fourths of the directors shall have resided in the state or territory or district in which such association is located one year next preceding their election or appointment as directors, and shall be residents thereof during their term of office. Each director shall own in his own right at least ten shares of the capital stock of the association. Each director, when elected or appointed, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act, and that he is the bona fide owner in his own right of ten shares of the capital stock of the association, standing in his own name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan, debt or obligation; which oath subscribed by him and duly certified, as required by law, shall be immediately transmitted to the Comptroller of Finance and by him filed and preserved in his office.

SEC. 14. And be it further enacted:

That the directors of any association first appointed shall hold office until their successors shall be elected and qualified. All elections shall be held on the second *Tuesday of January of each year*, and the directors as elected shall hold their places until their successors are elected and quali-

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*SEC. 12. Under this section, money can be drawn from the Treasury reserve to meet the demands of expanded trade at any season of the year, and used as long as needed and then returned; in all cases paying one-quarter's interest at least. No system can more perfectly or automatically meet the expanding and contracting demands of trade. This gives full and perfect elasticity to the currency supply. The unsecured money will be lying idle in the United States Treasury, at no cost to anyone, ready to go at any moment when needed to any part of the United States to meet a financial demand.

fied. Any vacancy occuring by reason of a director ceasing to own the required amount of stock, or from any other cause, shall he filled by appointment by the board. If from any cause an election shall not be held at the time designated, it may be held on any subsequent day by publishing thirty days' notice thereof in a local daily paper.

SEC. 15. And be it further enacted:

That in all meetings of the stockholders each share of stock shall be entitled to one vote on all questions. Shareholders may vote by proxies, duly authorized in writing. None but shareholders can use or hold a proxy.

SEC. 16. And be it further enacted:

That the shares of stock may be transferred on the books of the association in such manner as may be prescribed in the by-laws of the association. No transfer shall be made of stock where the holder is indebted to the association in any manner; but the association has a lien on all of its stock for such indebtedness. Every person becoming a shareholder by transfer, or otherwise, shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies and securities of the existing creditors of the association shall be impaired. The shareholders of each association formed under the provisions of this act, and of each exisiting bank or banking association that may accept the provisions of this act, shall be held individually responsible, equally and ratably, and not one for the other, for all contracts, debts and engagements of such associations to the extent of the amount of their stock therein, at par thereof, in addition to the amount invested in such shares.

SEC. 17. And be it further enacted:

That the capital stock or the reserve security of any association formed hereunder may be increased or decreased within the limits fixed for the capital stock or *the reserve security* by this act by a two-thirds vote of its shareholders at any annual meeting in January. The increase or decrease of capital stock or the *reserve security* shall be made by complying with the requirements of this act as to the formation of such associations in the first instance, and by complying with such additional requirements as the Comptroller of Finance may deem best to secure the interests of all parties concerned, provided *that in the decrease of the reserve security, the association so decreasing its reserve security, shall surrender to the Comptroller of Finance circulating notes received thereon to the amount of the decrease. In such cases the Comptroller of Finance may, in his discretion, release from the effect of this act a pro rata of the bonds or real estate described in the certificate of organization, but this shall only be done in cases where the Comptroller of Finance shall find the association to be solvent. The maximum or minimum of such increase or decrease shall be determined by the Comptroller of Finance.*

Any association organized hereunder may close up its business and dissolve its organization by a vote of its stockholders had at the annual meeting in January. In such cases the association must first settle all of its outstanding obligations and return to the Comptroller of Finance the circulating notes received on its reserve security. The Comptroller of Finance,

upon receipt of a statement of the foregoing facts duly authenticated by the directors of said association under oath, shall fully investigate the matters pertaining thereto; and upon being satisfied that all obligations of said association are fully satisfied and discharged, shall cause said statement to be published for at least sixty days in a local newspaper, and shall also cause a notice thereof to be inserted in the *United States Bulletin of Finance* for the same period. If any objections to the dissolution are filed with the Comptroller of Finance before the expiration of said sixty days, he shall determine and adjust any matters therein objected to; when so adjusted, or if no objections are filed with him, he shall issue a certificate dissolving said association and releasing the bonds or real estate described in the certificate of organization from any further claim or demand thereon. Said certificate of dissolution shall be by him duly signed and acknowledged so as to entitle the same to record in the office where the certificate of organization was recorded. The Comptroller of Finance shall duly record said certificate of dissolution in his office, and thereafter shall transmit the same to said association upon the same being duly recorded in the office where the certificate of organization was recorded. The association will thereby be completely dissolved.*

SEC. 18. And be it further enacted:

That if at any time the value of the real estate described in the certificate of organization shall depreciate in value, to be decided by the Comptroller of Finance, he may require any portion of the circulating notes of the association's reserve security to be surrendered to the Comptroller of Finance, or he may require further real estate security as in the original formation of the association. Should the Comptroller of Finance at any time deem the affairs of said association unsafe from any cause, he may appoint a special agent or agents under his hand and seal of office, who shall have power to inspect all affairs of said association and to close up its affairs to the best possible advantage to all parties interested. To this end he shall have power to bring or defend any suit in the name of the association, and to sell at public or private sale any or all of the real estate described in the certificate of organization, and to execute proper conveyances thereof, and use the proceeds to close up the affairs of the association. He shall also have power to collect from the stockholders the amount for which they are responsible under this act, and to use the same to close up the accounts. He shall give such bonds for faithful performance of his duties hereunder as the Comptroller of Finance may require. His certificate of appointment shall be duly acknowledged and recorded as the other certificates are required to be. The Government shall be a preferred creditor in all such cases as are provided for in this section.†

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*This section provides that any portion of a reserve security may at any time, at the option of a bank, be released from the claim of the United States by surrendering a pro rata of any money obtained thereon.

This enables such property at any time to be used for other purposes.

The section also provides for the increase of reserve security when required.

†This section protects the United States against any depreciation in real estate held by it as reserve security. It possesses the beneficial elements of a call loan when securities depreciate.

SEC. 19. And be it further enacted:

That the directors may semi-annually declare dividends from the net profits of the association, but such association before it shall declare a dividend shall carry at least ten per cent of its net profits to a reserve fund until said reserve fund shall equal the capital stock of said association.

SEC. 20. And be it further enacted:

That it shall be lawful for any association hereunder to purchase, hold and convey real estate as follows:

First—Such as shall be necessary for its immediate accommodation in the transaction of its business and *for its reserve security.*

Second—Such as shall be mortgaged to it in good faith by way of security for debts previously contracted or *for loans made thereon.*

Third—Such as shall be conveyed to it in satisfaction of debts previously incurred in the course of its dealings.

Fourth—Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate for any other purpose than as herein specified. Provided, that all such real estate acquired other than for the purpose of the business of the association shall be sold within five years after it is obtained by the association.

SEC. 21. And be it further enacted:

That each association may charge such rates of interest as may be allowed by local laws where the association is situated. Each association shall keep on hand in cash an amount equal to at least twenty-five per cent of the amount of its deposits, when the reserve amount shall fall below said percentage. No more dividends or loans shall be made until the amounts called in shall restore the said percentage.

SEC. 22. And be it further enacted:

That every association hereunder shall make to the Comptroller of Finance a report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, which report shall, among other things, exhibit in detail, and under appropriate heads, the resources and liabilities of the association, and *the last assessment valuation of its real estate* before the commencement of business on the morning of the first Monday of the months of January, April, July and October of each year, and shall transmit the same to the Comptroller of Finance within five days thereafter. And any bank failing to transmit such report shall be subject to a penalty of one thousand dollars for each day after said five days that said report is delayed beyond that time. The Comptroller shall cause abstracts of said reports to be published in the United States Bulletin of Finance, and the separate report of each association shall be published by the association in a local daily newspaper for at least one week. *Said association shall forward, with each quarterly report, one-half (½) of one per cent of the cash used on its reserve security, during the preceding quarter, as interest thereon, on sums not to exceed $50,000, and three-fourths of one per cent per quarter on sums in excess of $50,000 and less than $100,000; thereafter the rate shall increase one per*

cent per quarter additional on each additional $50,000 used or on any part thereof: and in case of default in the payment thereof, by any association, said interest may be collected in the manner provided for the collection of United States duties of other corporations. In addition to the quarterly reports required herein, every association shall, on the first Tuesday of each month, make to the Comptroller of Finance a statement under oath of the president, or the cashier, showing the condition of the association making such statement, in respect to the average amount loans and discounts, specie and circulating notes on hand belonging to the association, clearing-house certificates, deposits, and such other matters as the Comptroller of Finance may require.*

SEC. 23. And be it further enacted:

That no association shall make loans or discount on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall be sold within six months from the time of its purchase. But no such purchase or sale shall relieve the former owner thereof from his pro rata of responsibility for all debts incurred by the association prior to sale and transfer to a new purchaser in good faith.

SEC. 24. And be it further enacted:

That no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital or reserve fund. And if any losses shall at any time have been sustained by any such association, equal to or exceeding its undivided profits then on hand in cash, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts and ten per cent for the reserve fund. And all debts due any association, on which the interest is past due and unpaid for a period of six months, unless the same shall be well secured and shall be in process of collection, shall be considered bad debts within the meaning of this act.

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*One great objection to any increase of the volume of money alleged is that it leads to the inflation of business.

Banks usually check this by advancing the rate of interest to such a point that there is no profit in the speculation.

The Bank of Germany is required to pay to the government 5 per cent interest on all paper money issued beyond a certain fixed sum.

This Section 22 is drawn to prevent the inflation of business. While banks can draw on their reserve with the Government, each bank must pay an increasingly higher rate of interest on each $50,000 drawn. This will run the interest up, on each succeeding $50,000, to a rate where it will be unprofitable to use it. The result will be, not that business will be killed off and people lose all of their property, but that they will retrench as speedily as possible.

The want of this principle in our finances caused a loss and shrinkage in values of over $10,000,000,000 in 1890. And then, to stop a nation's panic and calamity, the United States Treasury came to the relief of banks. The above provides a method for all such emergencies.

SEC. 25. And be it further enacted:

That the president and cashier of every such association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares held by each, in the office where its business is transacted; and such list shall be subject to public inspection during business hours of each day in which business may be legally transacted. A copy of said list shall be sent with each quarterly report to the Comptroller of Finance.

SEC. 26. And be it further enacted:

That the directors of any bank incorporated under any National or state law may, upon the authorization of the owners of two-thirds the capital stock, in writing, duly signed and acknowledged, avail themselves of the provisions of this act and become a National association under their corporate name by complying with the provisions of this act; the said directors being by said vote authorized to execute all papers relating thereto. Any matters not herein provided for in such cases shall be adjusted by the Comptroller of Finance in accordance with the spirit and intention of this act.*

SEC. 27. And be it further enacted:

That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the association thus designated, satisfactory security for the safe keeping and prompt payment of public funds deposited with them, and for the faithful performance of their duties as financial agents of the Government.

SEC. 28. And be it further enacted:

That all transfers of the assets or any part thereof, of any association doing business hereunder, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of it as assets in the manner prescribed in this act, or with a view to the preference of one creditor to another, shall be utterly null and void.

SEC. 29. And be it further enacted:

That any director, officer or employè, of any association organized hereunder, who shall knowingly violate, or permit any of such persons to violate the provisions of this act, shall be removed forthwith from his position, by the proper authority of the association, or by order of the Comptroller of Finance. And any director, officer or employè of such association who shall so transact the business of such association, or any part of it, as to intentionally defraud the association or any one else, or with the intention to deceive or mislead any officer of the association, or any agent appointed to examine the affairs of such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for not more than ten years.

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*This section provides a way whereby state banks or private banks can re-incorporate under the National system.

SEC. 30. And be it further enacted:

That all suits and proceedings arising out of the provisions of this act, in which the United States or its agents or officers shall be parties, shall be conducted by the district attorneys of the several districts, under the direction and supervision of the Solicitor of the Treasury. And that all suits or actions arising under the provisions of this act, may be had in any circuit, district or territorial court of the United States held within the district in which the association may be established, or in any state, county or municipal court in the jurisdiction of which said association is established, which has jurisdiction in similar cases.

SEC. 31. And be it further enacted:

That if any person shall falsely make, forge or counterfeit, or cause or procure to be made, forged or counterfeited, or willingly aids or assists in forging or counterfeiting any note in imitation of, or purporting to be in imitation of the circulating notes issued under the provision of this act, or shall pass, utter or publish, or attempt to pass, utter or publish, any false, forged or counterfeited note purporting to be issued under the provisions of this act, knowing the same to be falsely made, forged or counterfeited, or shall falsely alter, or cause or procure to be falsely altered, or willingly aids or assists in falsely altering any such circulating notes issued under the provisions of this act, or shall pass, utter or publish, or attempt to pass utter or publish as true, any falsely altered or spurious circulating notes issued, or purporting to have been issued under the provisions of this act, knowing the same to be falsely altered or spurious, every such person shall be deemed and adjudged guilty of a felony, and being thereof convicted shall be sentenced to be imprisoned and kept at hard labor for a period of not less than five years nor more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 32. And be it further enacted:

That if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any plate, die or block after the similitude of any plate, die or block from which any circulating notes issued as aforesaid shall have been prepared or printed, with intent to use such plate, die or block, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any blank note or notes engraved and printed after the similitude of any notes issued as aforesaid with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any paper adapted to the making of such notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause or suffer the same to be used in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept at hard labor for a term not less than five or more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 33. And be it further enacted:

*That the Comptroller of Finance shall cause to be prepared each month concise information showing the amount of circulating notes issued during the preceding month, and the approximate amount of circulating notes, gold and silver coin, in each state, territory, district, and in the principal cities of the United States, and also the amount in the various vaults or Treasuries of the United States. Also the amounts expended by the Government in each state, territory or district. It shall also contain the name of each bank, the amount of its capital stock, its reserve fund, and its losses for the preceding month, and such other information as shall be deemed of sufficient value to the financial interest of the people to be published. Such information shall be published monthly by the Department of Printing in pamphlet form, of convenient size for permanent binding in book form. One copy of each issue shall be sent monthly to each of the following parties: To each association doing business hereunder, to the President and each member of his Cabinet, to each member of Congress, and to such other officers of the Government as the Comptroller of Finance may direct. Also to the Governor of each state, territory or district, and to each public library, university or college applying therefor. Any person may have a copy forwarded to his address for one year by first forwarding to the Comptroller of Finance the sum of one dollar.**

SEC. 34. And be it further enacted:

That as the currency notes shall accumulate in the Treasury of the Government from revenue or otherwise, they shall be returned to circulation among the people, in addition to the ways hereinbefore specified, by paying the current expenses of the Government; by the purchase of suitable grounds and the erection of suitable buildings for post offices and other uses of the Government; by the construction of such other works as shall be deemed by Congress for the best interests of the public. The expenditures shall be made annually, in each state, territory or district as nearly as may be in proportion to the number of its inhabitants; provided, that states already supplied with public buildings shall not receive additional expenditures until the other states, territories or districts shall have had their equal proportions. All public work shall be done by day's labor, at the rate of one dollar and fifty cents per day for eight hours work for common labor. A less rate shall be paid where the laborer is not able to perform a reasonable day's work. The expenditures hereunder shall be as directed from time to time by Congress.†

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*This is a new and very important section. It provides for the monthly publication of a "Bulletin of Finance," containing information showing the monthly issue of currency; showing as nearly as may be the volume of gold, silver and currency in each state or territory; also showing the expenditures of the Government in each; also showing the essential facts relating to the condition of each bank. It also provides for the proper distribution of these Bulletins.

The object of this is to complete the efficiency of the money system of the United States, and furnish to the people correct knowledge on current finances. It furnishes the foundation knowledge on which to properly execute Section 34.

*Section 34 is of very great importance. It is declarative of a policy. Our Nation today has no organized method for redistributing the money that

SEC. 35. And be it further enacted:

That all notes issued hereunder and all moneys received by the Comptroller of Finance hereunder shall be deposited in the Treasury of the United States. And the Comptroller of Finance shall keep an itemized account of the sources from which received, with the dates thereof.

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accumulates in the United States Treasury from revenue and taxes. At times vast sums are stored, to the detriment of business: and the cry is raised, "What shall we do with the surplus?"

This section provides that, in addition to the ways provided in Section 7, this money shall be spent for the usual expenses of the Government; and that the Government shall purchase suitable grounds and erect thereon suitable buildings for post offices and other public uses, and that the expenditure shall be made annually in each state or territory in proportion to its population. Under this system, National public improvements, such as on the Mississippi River or Nicaragua Canal, or for irrigation, may be carried out.

As our laws now are, it is very difficult to get any Government buildings erected except in certain political localities. The money is drawn from the people in every part of the country, and should be reëxpended proportionately among them, as it came from them. It is not a charity for the Government to spend money in a community. That is where it should be spent. Every city and village should have a respectable and commodious post-office building, erected and owned by the Government.

This section further provides that this public work shall be done by day's labor, at say $1.50 per day for common labor. The object is this: first-class laborers always command higher wages from private capital, and the next grade of labor is left unemployed. It is in this class that the suffering mostly occurs. If the people of the United States in public work give employment to this class of people, they will be aiding citizens who should receive the care of the stronger.

Such laborers cannot, for various reasons, perform as much work per day as the best laborers. Public buildings would cost just as much, or even more, by employing this class than by employing the best class: but the object of any government should not be to get the cheapest results in a specific case, it should be for the general good. This class of laborers must live. If labor is not furnished, they must beg or steal. In either of these cases the public must bear the expense. It is far better to keep up the tone of respectability among our people, by furnishing employment and paying what the work is worth. Thus, instead of the laboring class feeling that an ever-widening gap existed between them and the form of government, they would feel it to be their friend and would be interested in maintaining its existence.

Educated, and with high aspirations, our people should receive better wages and a preference in employment.

If we wish to maintain our standard of civilization, we must pay for it and help our educated laborers to a higher plane of life. They should not be forced into competition with laborers emerging from a low civilization, in foreign nations.

And here, in protection of our own laborers, would it not be well for our Government to close its doors to the inflooding of foreign labor?

Why should we pay foreigners for labor and let our own citizens go idle?

It is a noted fact that where colonies of foreigners get control of local labor, the American laborer finds it too hot for him to remain.

We should be generous, but we should not be so generous that we give our employment to strangers and drive our own sons and daughters of America into idleness, shame and want. If our legislative halls are dominated by such a foreign sentiment, it is time that they should be

SEC. 36. And be it further enacted:

*That all improvements on property described in the certificate of organization shall be kept insured by the association to the full amount of its assessed value, payable to the Comptroller of Finance; and all insurances on such property, in whatever name insured, shall, in case of loss, be paid by the insurance company to the Comptroller of Finance, to be by him disposed of, with the consent of the Secretary of the Treasury, as they may deem best in the interest of the various parties concerned.**

SEC. 37. And be it further enacted:

That it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except as herein provided, and in accordance with the true intent and meaning of this act. And any officer who shall violate the provisions of this section shall be deemed guilty of a high misdemeanor, and on conviction thereof shall be punished by a fine not exceeding double the amount so countersigned and delivered, and imprisoned for not less than one year and for not exceeding fifteen years.

SEC. 38. And be it further enacted:

That if the directors of any association shall knowingly violate, or knowingly permit any of the officers, agents or servants of the association to violate any of the provisions of this act, all the rights, privileges and franchises of the association derived from this act shall be thereby forfeited. Such violation shall be first determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that

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cleared of the un-American element, and men representing the American idea sent to make our laws.

The redistribution of wealth is one of the fundamental problems of the human race, to be solved by each nation. The Israelites attempted it by Years of Jubilee, when debtors were discharged and heirs were restored to the real property of their ancestors.

Every human being is entitled to live, and self-preservation is an *inalienable* right, lying at the foundation of every government.

The non-property-owners own their ability to labor, and out of it are entitled to obtain the necessaries of the civilization in which they live, to-wit: food, clothing, shelter, education.

The best interests of property-owners require that there should be no degraded, ignorant classes. If they are not allowed to live by their labor, they are entitled to live by robbery or begging.

Prosecution to prevent this eventually results in anarchy, as shown by history of past nations.

It therefore becomes the duty of a government, by a wise system of taxation, to collect money from the owners of property, and use in in employing the labor of non-property-owners to produce benefits for the common good.

By pursuing such a policy as this, our citizens would come to regard our Government as a common benefactor; and as a matter of individual protection would stand solid against foreign or domestic danger.

It is with this view before me that Section 34 is proposed for the partial redistribution of wealth.

*Section 36 provides for the insurance of buildings or property used in the proposed banking system.

purpose in the name of the Comptroller of Finance, which decree shall adjudge the association dissolved. Thereupon the affairs of the association shall be closed up by the Comptroller of Finance; and in case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation. Such directors shall thereafter be disqualified for the office of director in any association formed hereunder; and any president, director, cashier, teller, clerk or agent of any association who shall embezzle, abstract or wilfully misapply any of the moneys, funds or credits of the association, or shall, without authority from the directors, issue or put forth any certificate of deposit, draw any order or bill of exchange, make any acceptance, assign any note, bond or draft, bill of exchange, mortgage, judgment or decree, or shall make any false entry in any book, report or statement of the association, with intent in either case to injure or defraud the association, or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment not less than one and not more than ten years.

SEC. 39. And be it further enacted:

That the Comptroller of Finance, with the approbation of the Secretary of the Treasury, as often as it shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association formed hereunder; which person or persons shall not be a director or other officer or employè in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full detailed report of the condition of the association to the Comptroller. And the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery. And every person appointed to make such examination shall receive for his services at the rate of five dollars for each day employed by him in such examination, and two dollars for each twenty-five miles he shall necessarily travel in the performance of his duty.

SEC. 40. And be it further enacted:

That persons holding stock as executors, guardians, administrators or trustees shall not be personally subject to any liabilities as stockholders, but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in said trust funds would be if they were respectively living and competent to act and hold the stock in their own names.

SEC. 41. And be it further enacted:

*That hereafter no National associations for the purpose of banking shall be formed except under the provisions of this act, and all banking institutions now under the provisions of prior acts of Congress shall be allowed to continue under such acts until their proper term of existence has expired.**

SEC. 42. And be it further enacted:

That the present Comptroller of Currency shall hereafter be known as the Comptroller of Finance, under this act, and under such name shall, with the Bureau now established, perform all duties required under the various acts of Congress relating to currency or a circulating medium.

SEC. 43. And be it further enacted:

That all acts or parts of an act in conflict with the provisions of this act are hereby repealed, and Congress may at any time amend, alter or repeal this act.

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*Under Section 41, banks can be formed under this law. State or private banks can be formed as usual under state laws, but of course cannot get the benefit of this act.

NEW SECTION.—*The currency issued under the provisions of this act shall be deemed a public use, and shall not be subject to taxation in the hands of citizens of the United States; but gold or silver coin or bullion shall be subject to taxation at its market or commercial bullion value.*†

†This section I have not formally made a part of the proposed law, but submit it for consideration.

Its direct object is to drive gold and silver into the United States Treasury to avoid taxation, causing currency to be issued therefor (see Section 6), thereby keeping an unusually large supply of those metals in the Treasury for any required demand.

Usually money escapes taxation, and practically the public gets no return benefit. Under this section gold and silver will be deposited in the United States Treasury, and currency taken out therefor.

In this way, while the currency is not taxed, a public benefit will arise from its exemption. In return, money will loan for a proportionately lower rate of interest. This will again give a proportionately lower price, on all articles consumed, to the consumer, and in these respects directly compensate all paying taxes on other property.

In conclusion, let me say that the people should demand only such a money system as will do justice and equity to all the people and all classes. While you complain of being overreached, you must not in return overreach or do injustice to others. I would impress upon you that all schemes for a National system of finances, that are based on the idea of giving a class of persons or banks power to issue or control the issue of money, are dangerous, and sooner or later will be abused.

Demand a constitutional amendment, and a law that issues the money *by authority of the people, backed by the pledged wealth of the whole Nation, and circulated for the benefit of all, with no special privilege for any class, and in volume sufficient to fully transact the business of our growing country.*

Press and Other Comments.

"We advise our readers to look out for this pamphlet.

"The views on the currency question are novel, the reasoning taking, and the disregard for many old financial doctrines is refreshing in these days of hackneyed reiteration of stock arguments on the currency question."—*Rhodes' Banking Journal, New York.*

"Judge Widney's revised treatise on the present aspect of banking and currency in this country, especially the latter, is able, laborious and patriotic. A California clearing house should print and circulate this treatise for the features, at least, to which we refer."—*Rand McNally's Bankers' Monthly, Chicago.*

"Judge Widney has just completed a new treatise on a 'National Money System.' It is the most concise, exhaustive and unanswerable argument on the money question yet produced. The Alliances all over the Nation should supply their members with copies, and learn all they can on this subject. If the Alliances would drop all other issues and adopt a National platform, with no other plank or issue than Widney's proposed constitutional amendment and act of Congress, they would carry the next presidential campaign by the largest majority ever known in history."—*The Rural Californian.*

"It is the clearest and most concise dissertation on the currency question we ever listened to."—*The Norman Advocate.*

"Your pamphlet, 'Good as Gold,' is doing great good in Texas and throughout the South in educating our people on the true situation."

Yours Truly, HARVEY TRACY,
Editor Southern Mercury, Dallas, Texas.

"*Resolved*—That the La Crescenta Farmers Alliance and Industrial Union do hereby most gratefully acknowledge the labors of R. M. Widney, LL.D., in the great cause of financial reform.

"J. H. SHIELDS, President.
"WILL S. FAWCETT, Secretary."

"THE HISTORY COMPANY,
SAN FRANCISCO, February 14, 1891.

"MY DEAR JUDGE:

I took your pamphlet home with me last night and read it carefully. I was greatly pleased and instructed. No one can read this work without being convinced that the principles therein set forth are in the main sound and sensible. It ought to be the means of revolutionizing the question. With kind regards, etc.,

"H. H. BANCROFT."

The Los Angeles Bar Association, on the report of the Committee, J. A. Anderson, Samuel Minor and S. O. Houghton, unanimously adopted the following resolutions:

WHEREAS, under the decision of the Supreme Court of the United States (notably Hepburn vs. Griswold, 8 Wall, 608, and Knox vs. Lee, 12 Wall, 457,) the power of Congress in relation to legal-tender currency and in relation to standard of value seems to be almost absolute and unlimited; and whereas, such a power vested in a legislative body will at all times be liable to abuse and may, under political and party excitement, lead to dangerous contraction and inflation of currency and hurtful changes in the standard of values; therefore be it

Resolved—First, that the welfare of the people demands that the Constitution of the United States shall be so amended as to define with precision the power of Congress in relation to legal-tender currency and in relation to the standard of value.

Resolved—Second, that while we do not think it advisable to express an opinion as to the exact nature or wording of the needed amendment, yet we deem it well to call attention to the following proposed amendment in relation to the matter, prepared and proposed by our fellow-citizen, Judge R. M. Widney, to-wit:

[See p. 32 for Amendment.]

Resolved—Third, that copies of these resolutions be sent to the members of Congress from California.

LOS ANGELES, December 12, 1891,

ADDRESS

By R. M. WIDNEY, LL.D.,

PRESIDENT OF THE UNIVERSITY BANK OF LOS ANGELES, CAL.,

BEFORE THE

AMERICAN BANKERS' ASSOCIATION,

In SAN FRANCISCO, September 8, 1892.

SUBJECT: "VOLUME OF MONEY—WHAT IS MONEY—STATE BANK NOTES—A PROPOSED PLAN."

Mr. President and Gentlemen of the Convention:

Does the volume of money have any influence whatever on the trade, commerce, business or prosperity of a nation or of a people?

Can there be too much money? Can there be too little money? Can there be a volume of money used in the business of a people that would be neither too much nor too little? Each of these questions will at once be answered by a yes or a no.

What evidence will establish the facts of too much, or too little, or the exact volume? Can nothing better be offered in evidence and in answer than the random guess of passing thoughts or fleeting opinions? Are there no laws governing these subjects?

Baron Von Humboldt elaborately and logically demonstrated that there was no chance in the universe. That all things material and immaterial were governed by fixed, unalterable, inexorable laws. In this all men of science now agree.

There are therefore laws in finance, both as to the volume and the method of using money, according to which the best results can be obtained, and violating which damage and failure must inevitably result.

These matters you already know, and I only refer to them as a starting point and to refresh your memories on principles underlying this discussion.

One more preliminary thought. At no time in the history of the race has this money question so imperatively forced itself upon the people and demanded a careful consideration and wise and just solution. IT MUST BE SOLVED. IT WILL FORCE A SOLUTION. IT WILL NEVER AGAIN REST UNTIL IT IS SOLVED ON PRINCIPLES OF JUSTICE AND EQUITY, AND IN THE INTERESTS OF THE MASSES OF THE PEOPLE.

The conflict is irrepressible, and the common intelligence will accept no solution that does not work out the prosperity of the masses.

VOLUME OF MONEY.

The first question is, WHAT IS THE VOLUME in the world, in the civilized nations, in the United States and in each State? The following brief statistics compiled from the most reliable financial reports are submitted for your consideration:

COIN AND BULLION IN THE WORLD.

Gold	$3,984,256,589	Per capita	$3.22
Silver	4,512,754,655	" "	3.65
Total	$8,497,011,244	" "	$6.87

The annual average product for eight years, 1881 to 1888, was:

Gold	$108,376,258	Per capita	$0.08
Silver	121,389,242	" "	.09
Total	$229,655,500	" "	$0.17

The annual consumption in the arts for the world is about:

Gold	$64,000,000	Per capita	$0.05
Silver	21,660,000	" "	.02
Total	$85,660,000	" "	$0.07

This leaves in gold and silver only $144,005,506, or 10 cents per capita to be added annually to the world's working coin capital.

The six leading nations have in gold and silver coin and bullion as follows:

England	$650,000,000	Per capita	$18.00
France	1,600,000,000	" "	43.00
Germany	645,000,000	" "	14 00
Russia	250,000,000	" "	12.50
Italy	200,000,000	" "	6.00
United States	1,180,240,177	" "	19.00
Total	$4,525,240,177	Average	$18.75

This leaves about $2 per capita for all other nations.

The above six nations have over $18 per capita of the world's gold and silver. All other nations only $2 per capita. As the other nations awaken to the civilization and business activity of the nineteenth and twentieth centuries, they must and will draw more and more coin from the six nations. This is now occurring. South America, India, China and Egypt are constantly absorbing more and more of the coin. India alone in recent years has taken over a billion. They are drawing it from the six nations that have so vastly more than their proportion. The annual addition of 10 cents per capita does not even keep pace with the increase of population.

Financiers to whom the money interests of the nation are confided should weigh well the import of these international facts and act before it is too late. Can you stop the operation of this law of the outflow of coin? No. Then what will you do to replace your home volume?

IN THE UNITED STATES WE HAVE THE FOLLOWING FACTS:

Gold	$694,869,680	Per capita	$11.00
Silver	485,370,497	" "	8.00
Total	$1,180,240,177	" "	$19.00

The annual product in the United States is:

Gold	$32,976,000	" "	$0.53
Silver	64,768,730	" "	1.03
Total	$97,735,730	" "	$1.56

Industrial purposes use:

Gold	$16,697,000
Silver	8,767,000
Total	$25,464,000

The amount remaining for coinage of both gold and silver is about $72,271,730, or per capita $1.10.

As shown by these statistics, Europe is furnishing coin to the uncivilized nations that are springing up into commercial activity.

As her millions of emigrants and speculators and business men go to these new countries, they take their personal money with them. They, before leaving their native land, sell all of their property, take it in coin and settle in their new homes. Can you or any one stop this outflow, this personal exportation of coin? Europe, in turn, buys our gold—buys it as she buys corn, wheat or cotton; buys it and exports it to refill her depleting vaults. We are as helpless to stop this outflow as Europe is to stop the outflow from her. When New England is drawn down too closely on the coin supply, she will export a $20,000,000 in gold from San Francisco to protect it from "the

dangers of an exposed sea-coast city," transfer it to Washington, get tired, and unload it in New York sub-treasury subject to *"the dangers of a sea-coast city,"* where money was already proclaimed to be a glut on the market.

Brave California saw the money go without even a financial tremor. Had $20,000,000 in gold gone from New York, at one shipload, would there have been no unsteadiness of her financial nerves?

But what does all this demonstrate? Simply that the coin of the world is being redistributed among the people of the earth under the operation of a law that no combination can control.

If there is enough money in the world, why do these nations draw it away from us? If we have more than enough, why do we struggle to keep it?

The following table, compiled from the report of the Comptroller of Currency of October 31, 1891, throws a flood of light on the volume of money in the various States available for new business:

ACTUAL WORKING CASH

In the Banks of the United States Available for Commercial Use.

On pages 154-5, Report of the Comptroller of Currency for 1891, Vol. I., are the National Bank statistics, showing the legal amount of cash reserve required by law, also showing the amount of cash held as a reserve. I subtract from the actual cash held the cash required by law, as shown in the first two columns of page 155:

Total held	$296,850,683
" required	216,899,737
Working cash in United States	$79,950,946

or $1.23 per capita.

In addition to the above, the banks held certain credits against each other, and a small amount of credit against the United States Treasury. But the credits of banks against each other do not increase the cash volume of the banks; for if the credits should be extinguished by cash payments, it would only shift the cash from one to another.

Banks hold about $15,720,000 claims against the United States Treasury, as shown on page 155; but they owe to the United States Treasury about the same amount. Hence, when the whole credits and debits are extinguished, it will leave the cash as I have shown above.

On page 241 of the same report is the cash status of all State Banks besides National. See middle column:

Total cash and cash items	$107,453,889

But cash items are not real money. Bankers all know that cash items are only first-class demand credits which, when paid, remove cash from some other place.

Deduct cash items	51,668,218
Actual cash in State Banks	$55,785,671
Page 241 shows the deposits in these State Banks to be	556,637,012
The lowest National Bank reserve allowed is 15 per cent. on deposits. Deduct this amount from the cash above	83,495,551
Deficit	$28,709,880

From this it will be seen that the State Banks, including Savings Banks, are over $28,000,000 below a 15 per cent. reserve, and have no real cash working capital. But, as a matter of fact, Savings Banks have not over 1 or 2 per cent. reserve, which would bring the State Banks of deposits up to a safe condition; but could not leave a working capital of over $10,000,000 cash, actual money. They alone are not limited to any reserve, and are postponing financial calamity by straining their draw on cash to its utmost limits.

From these statistics it appears that—

National Banks have a working cash fund of	$79,950,946
State Banks have a working cash fund of	10,000,000
Total	$89,950,964

or about $1.40 per capita.

In the hands of the people is an unknown amount in actual circulation. Whatever the sum is, it must be regarded as the people's pocket reserve for daily use. It is not available for commercial use.

The following table computed from pages 155 and 234 of the Comptroller's Report for

1891, Vol. 1, shows the total volume of actual available working cash in the National Banks of each State, and the same expressed per capita. The State Banks would add probably 10 per cent. to each item :

State.	Total working cash.	Per capita.
Maine	$597,825	$0 90
New Hampshire	181,966	48
Vermont	249,089	72
Massachusetts	2,900,776	1 26
Rhode Island	489,123	1 39
Connecticut	1,412,367	1 85
New York	17,273,355	2 88
New Jersey	2,090,125	1 41
Pennsylvania	13,949,243	2 59
Delaware	245,041	1 44
Maryland	2,274,615	2 17
District of Columbia	1,318,045	5 58
Virginia	1,008,421	60
West Virginia	425,448	55
North Carolina	361,231	22
South Carolina	143,177	12
Georgia	675,186	36
Florida	198,825	48
Alabama	465,850	30
Mississippi	190,832	14
Louisiana	675,015	59
Texas	3,480,415	1 90
Arkansas	118,538	10
Kentucky	887,828	47
Tennessee	1,025,279	58
Ohio	5,118,543	1 38
Indiana	3,791,328	1 71
Illinois	10,620,653	2 72
Michigan	1,067,294	50
Wisconsin	1,329,120	76
Iowa	1,347,695	69
Minnesota	1,505,723	1 10
Missouri	811,118	29
Kansas	1,435,962	99
Nebraska	1,608,594	1 40
Colorado	1,918.449	4 35
Nevada	2,055	46
California	2,146,310	1 43
Oregon	934,259	2 80
Arizona	35,934	59
North Dakota	224,355	1 16
South Dakota	271,297	79
Idaho	136,825	1 68
Montana	662,400	4 56
New Mexico	116,284	74
Indian Territory	563,055	3 10
Oklahoma	1,194,301	10 38
Utah	120,617	51
Washington	27,358	08
Wyoming	13,943	25

The foregoing statistics show conclusively the insufficient money supply and its unequal distribution in the States. Do they not portend further financial calamity if not relieved by appropriate legislation?

From these statistics furnished from the sworn statements of our National Banks it appears that the total money available for new business in the National Banks of the United States is only $79,950,946, or $1.23 per capita, while a liberal estimate for State Banks in addition would only increase it to $1.40 per capita. The distribution of this surplus is as low as 10, 12, 14, 21, 22, 30, and up to 60 cents per capita in the Southern States. In the Western States it runs from 8 to 76 cents. The middle Western States average about $1.50; the New England States about $1.75.

Where is the great volume of four or five hundred millions that does not

appear to be caught by the gatherer of statistics? It is probably scattered in the pockets of our people, over the farming areas, in store tills, and in business offices of various kinds. But why not count it in the available working cash of the country? The answer is yes and no. Yes, for it fills a place that if vacant would absorb from other sources. It is like the fills in grading a road-bed. A vast amount of material must be used to fill up the road to reach a uniform line. But such material cannot be removed and used some other place. It must permanently remain there, apparently useless except only to fill a hole. So this vast volume in the pockets and tills of the people must ever remain there as a pocket reserve. If any part is drawn out and placed in bank, it immediately returns to fill a hole. This sum, therefore, cannot ever be used in developing new industries or in opening up and sustaining new business. Its volume will increase as population increases, and any safe money system must count on this as a permanent fact. It must so fix the volume as to provide a working cash capital perpetually above the pocket reserve.

The reserve money in the National Treasury, in banks and in the pockets of the people is and always must remain *dead money*. It is held to meet imaginary demands or runs. It is held to inspire confidence.

Let me present you a picture, in figures, of the money situation in the United States, gold, silver and paper, July 1, 1891. (See Treasury Report, p. cxl.)

Total stock	$2,195,224,075	Per capita	$34.31

This is the delusive phlethora of money spoken of. Look again.

This money is located as follows:

U. S. Treasury	$697,783,368		
In circulation	1,497,440,707	Per capita	$23.41
Purported amount	$2,195,224,075	" "	$34.41

Of the money in the U. S. Treasury the following amounts are duplicates:

That is, the gold and silver certificates represent gold and silver held for their redemption, and either they or the gold and silver should not be counted, for only one can be used as money.

The case stands as follows:

Gold certificates	$151,486,429
Silver	314,715,185
Total duplicate	$467,201,614

Taking the reported general stock and deducting the above, we have:

Reported general stock	$2,195,224,075		
Duplicate	467,201,614		
Actual general stock	$1,628,022,461	Per capita	$25.04

Deducting this duplicate stock from the total amount in the U. S. Treasury, we have:

Apparent stock, U. S. Treasury	$697,783,368
Duplicate stock	467,201,614
Actual money in U. S. Treasury	$230,581,754

But from this amount must be deducted certain sums specially held to redeem or cancel other paper money, as follows:

To redeem greenbacks	$100,000,000

This leaves the U. S. Treasury powerless to aid new business with money.

Let us now examine the purported amount in circulation, and see what amount is tied up in reserves. October 31, 1891.

National Bank reserves	$216,899,737		
State Bank reserves	83,495,551		
Total reserves	$300,394,288		
Deduct from this general circulation	1,497,440,707	Per capita	$23.04
	300,394,288	" "	4.07
Total	$1,197,046,419	" "	$18.71

This volume must suffer another reduction before we reach the legitimate amount available for actual business with which to develop the new business of the country.

The Treasury reports can find in the entire banking system of the United States only the following amounts of money out of the amount published as in circulation:

July 1, 1891.

National Banks	$313,451,507
State and other Banks	165,634,081
Total	$479,085,588

Deducting this from amount reported in circulation, we have

	$1,497,440,707	Per capita	$23.41
	479,085,558		7.50
Balance	$1,018,355,119	Per capita	$13.91

The whereabouts of this balance is unknown. It includes an unknown amount of lost or destroyed money, unrecorded exported money by travelers, etc., and the pocket and store reserves in the country. It is not available for any new business.

The known amount, as shown in all of the Banks in the United States, is:

	$479,085,588	Per capita	$7.50
Of this there is tied up in reserves	300,394,288	" "	4.70
This leaves a working cash capital of	178,691,300	" "	2.80

This is the most favorable possible result shown by the statistics for July 1, 1891.

The statistics for October 31, 1891, show only half of the last results, or $1.40 per capita, and is worked out from the detailed report of the Banks, and is more nearly correct.

From this it appears that the figures, upon which we must do our banking business, show from $1.40 to $2.80 per capita as the working cash capital for new or current business.

The Treasury report of $34.31 per capita of general stock, or of $23.41 per capita in circulation, while true as a Treasury balance sheet, which alone it is, cannot be used as a basis for estimating the working money capital of this nation. With this vivid picture in our minds as to the actual volume of money in the business world, its distribution and the amount available for active business and held as reserves, lost, destroyed, exported and tied up in pocket and till reserves, let us next examine the business activity which calls this money into use.

The volume of business in the United States is vastly above $170,000,000,000 annually. Our total volume of money represents only six mills on the dollar for actual business. But if you take the actual volume of money available for business, it will represent such a small fraction of a cent that we cease to wonder at the impossibility of moving the volume of trade, and only wonder that business is not totally paralyzed.

As bankers, you understand that the actual volume of money holds the same relation to the volume of business that the cash reserve of a bank holds to its deposits.

There can be no permanent prosperity until our volume of available money is increased. Increasing disasters are abundantly stored in the future on the present relation between the volume of money and business.

You might as well try to run the railroad business of the United States with a few hundred cars.

When you look over the commercial growth of the world, the danger is more apparent. South America, India, Africa, Asia and other minor communities, which have been in a commercial sleep for ages, are suddenly awaking to activity and life.

They have heretofore had about $2 per capita in money for business. Now they will draw immense volumes from the money stock of the more advanced nations. Nothing can stop it. India, in recent years, has absorbed over $1,000,000,000 of coin money, a volume which has not even filled the pocket and till reserves of that nation. China is absorbing hundreds of millions, and its presence among its vast population is hardly detected.

The redistribution of the world's coin money has hardly commenced, and the nations having more than their per capita must surrender more and more until some-

what of an equilibrium is reached. While this international disturbance is occurring there is a similar one occurring in the United States.

The South and West are developing with phenomenal vigor and rapidity. They are absorbing vast amounts of material and money. They must draw on the money volume of the other States. The result of this will be to check up the industries of the New England States and transfer them, or the funds used in them, to other new localities West and South.

Various methods have been suggested to furnish a money supply. The one now attracting most attention is the old State Bank note system. The very name suggests to those who have had experience with it financial chills and fever.

STATE BANK NOTES.

The financial fallacy of State Bank notes need not be one of opinion. It can be too clearly and forcibly shown up by facts and figures.

The general error is this:

Each dollar of State Bank notes deposited in a bank creates a debt from the bank payable only in *legal tender*. In this way the legal tender debt of banks grows, but the volume of legal tender in the vaults of the banks does not increase. Business prospers on this increased volume of credit money, deposits increase; but when a panic comes and depositors call for legal tender, the supply is quickly used up and bank suspensions result.

In the panic of 1838 the Treasury report shows the following statistics, of money in circulation:

State Bank notes	$149,185,800
Specie	27,031,476
Excess of State Bank notes	$122,154,324

The specie was the only legal tender. The Government had on October 1, 1836, $49,000,000 on deposit in thirty-six different State Banks.

President Jackson ordered it withdrawn and stored in United States vaults. The demand for withdrawal of $49,000,000 legal tender from the banks when there was only $27,031,476 in circulation at once swamped the banks, leaving a run on the banks to redeem their notes of over $149,185,800. All banks in the United States suspended. Solvency or security back of a note was not what depositors wanted. They wanted a legal tender payment.

Had the State Bank notes been greenbacks in 1838, the statement would have been:

Legal tender United States notes	$149,185,800
Specie	27,031,467
Total legal tender	$176,217,267

The withdrawal of the United States deposits of $49,000,000 would have left in banks $127,217,267 legal tender to pay depositors. No suspensions could thus have occurred. This was the great crash and panic of 1838.

PANIC OF 1857.

The State Banks opened again and gradually expanded their note issue. The redepositing of their notes as money in banks resulted in the following condition in 1857:

Deposits	$120,764,757
Circulating notes	83,312,269
Total liability	$204,177,020
Special legal tender	12,970,493
Excess of liability	$191,206,527

The loans and discounts were $320,252,890; deduct the liabilities and the solvency represented $129,046,363 over and above liabilities. Notwithstanding this showing, the Ohio Life and Trust Company failed for $7,000,000. But the New York banks began to hedge and called in $57,000,000 loans between August 22d and October 17th, resulting in a crisis of failures and a general panic. The banks of Philadelphia, of

the South and West, suspended September 13th. A run at once was made on the New York banks to redeem their circulation, followed by a run on deposits, causing the suspension of fifty banks in two days. The suspension became general in the whole country. So much for wild-cat State Banking, whether operated in the South, or West, or in New York, or New England. Had the State Bank issue been a legal tender, issued by the United States, no general failures could have occurred in 1857. The conditions of the banks would have been:

Legal tender United States notes	$83,412,269
Specie	12,970,493
Total	$96,382,762
Deposits	120,764,757
Loans and discounts	320,252,890

This is a better showing than our National Banks have made since their formation and no panic would have occurred.

Again, the State Banks started up using the Co-operative plan. In Ohio thirty-six banks pooled their financial ability; the same was largely done in other parts of the country.

PANIC OF 1861.

In 1861 the war was in the country. The Government obtained a loan of $150,000,000 from sale of bonds from the banks of the country. It was drawn out by the Treasury for payment of war expenses, but it resulted in a general suspension of the banks.

The financial statement of the country was:

Specie in banks, about	$100,000,000
State Bank notes	202,005,767

The Government draw of $100,000,000 in gold exhausted all the legal tender in the country, leaving nothing with which to redeem the State Bank notes. A collapse resulted. Had National legal-tender notes been used in place of the State Bank notes the result would be:

Specie	$100,000,000
U. S. legal tender	202,005,767
Total	302,005,767

The draw of $150,000,000 would not have in this case closed the banks of the Nation. As it was, the State Bank notes were not a legal tender, and were of no more money value than cords of wood or tons of wheat.

PANIC OF 1890.

In 1890 there were no State Bank notes in circulation, and all the money in the banks was backed by the authority and wealth of the Nation. All money was National money, yet the enormous straining of 1890, and the heavy draw of gold, failed to cause a suspension of the banks.

Suppose that the National Bank notes of $181,604,937 had in 1890 been State Bank notes, a run on the banks would have occurred, resulting in a general suspension.

No run could occur on the note circulation, because the resources of the Nation were responsible to pay the issue.

No system of State Bank circulation can have back of it more than a small part of the whole wealth of this Nation. The Canadian Bank issue has less than ten ($10) dollars assets back of each one of issue. Our greenbacks have over $200 in assets back of each dollar issued.

No State Bank issue can become a legal tender; it never can be used in a crisis to extinguish debts. It is then the greatest element of weakness and danger.

The foregoing brief review of the finances of the United States show a series of efforts for over one-half a century, which, referring back to Colonial times, would include nearly two centuries, to give to society a money-circulating medium.

It demonstrates beyond all question the great and constant effort of society to supply itself with money. It demonstrates that society is constantly outgrowing its supply, and has been periodically suffering from financial panic. In a few words it

demonstrates that *either our circulating medium must be increased to meet the growing wants of our growing country, or the business of the country must be periodically killed off until it is within the compass of our circulation.*

Society is constantly trying to supply this money demand. Will that which is not money meet the wants? No; for if it will, then we do not need money.

This brings us to consider the question: What is money?

Unless we clearly know what money is, we can not successfully make it. Erroneous ideas at this critical point result not in producing money, but an erroneous substitute for it, which when used in the commercial world sooner or later breaks down to society's injury.

I know of no definition of money that includes all that should be included, and excludes all that should be excluded. I submit the following as a correct definition of money:

Money is that article in a Nation with which a debtor can extinguish his debt, without the consent of the creditor, at a fixed unit of value. In other words, a legal tender by the supreme law of the land. As a corollary of this, good money is that money which will be accepted readily by each person in exchange at its face value. Every man wishes to know that any other person will receive the money at the same value at which he received it.

To illustrate. You owe a man one hundred ($100) dollars. You tender him a hundred-dollar gold bar, standard fineness; he refuses it. You offer him ten such bars; he refuses. You cannot force it on him. The fiat of the Nation is not on the bars. You melt it into disks, stamped, and of the standard weight of twenty ($20) dollar gold pieces. You tender these; he rejects them, and sends you to the penitentiary for counterfeiting. The fiat of the Nation was a forgery. You tender him English sovereigns, gold francs, or marks with the fiat of a foreign nation on them; he refuses them. The debt is not extinguished, for the foreign fiat is null and void in this land for want of jurisdiction, and they are not money; only bullion. Now you tender him fifty ($50) dollars in greenbacks, twenty-five ($25) dollars in silver certificates, and twenty-five ($25) dollars in gold coin. He still refuses, and wants all in United States gold coin.

You deposit the money in Court, or in the bank to his credit, and the debt is extinguished at the will of the debtor, without the consent of the creditor. This is caused by the fiat of the Nation, formulated in the words, "This shall be a legal tender in satisfaction of all debts, public and private, within the jurisdiction of the United States."

This fiat on the gold, the silver or the paper, makes the money. Nothing else does or can make money.

Some able men assert that the true test of money is the fire test. That is, if you put it in the crucible and reduce it, a dollar will be left.

Suppose the next time you go to pay a debt you put your one hundred ($100) dollars in a crucible and fire up, and tender to the creditor the fused results. Have you in the pot money or bullion? Can you force the creditor to receive it? No. The money element is consumed. The fiat of the Nation has disappeared. The fire test of money is the same on gold money or paper money. It destroys the money power of the article.

President Diaz may step into your bank and deposit one thousand Mexican dollars, and ask for a certificate of deposit for one thousand United States dollars. You say no. "Why not?" says President Diaz, "that is a one thousand-dollar legal tender where I came from." "Yes," you reply, "that may be good money in your country, but it is not good money in this country."

When a nation becomes powerless to enforce and make good its fiat the money element of the article ceases, and there only remains an article of more or less commercial value.

Money is an artificial product, and is not a natural product. No mine has ever been discovered out of which money was dug ready stamped with a nation's fiat. All nations in all ages have made different forms of money.

Money has no intrinsic value, it only represents labor in some form. The gold in the mountains has no intrinsic value. It is claimed that it takes a dollar's worth of labor to produce a dollar (25.8 grs.) of gold, and therefore that the gold dollar has an intrinsic value. The fact is, that it only represents a dollar's worth of work. How

about a greenback?—when printed and deposited in the United States Treasury it represents no value. It is then the same as the gold in the mountain. But when some one gives the United States (the people) a dollar's worth of labor or material for a paper dollar, thereafter that paper dollar represents a dollar's worth of work as much as ever the gold dollar did or could. They both have the same representative value. And so long as the Nation retains its integrity and power they will each be good as declared by the fiat.

Gold has no purchasing power. Nothing can be purchased except by the consent of the vendor. He may consent to sell for payment in iron, cotton, land, or ships. It is his option as a seller to sell for what he chooses. It is only when a debt is created that the debtor can extinguish it at his choice with legal-tender money.

DELUSIVE SUBSTITUTES.

Having ascertained what money is, and wherein its value consists, let us examine some of the delusive substitutes for money.

The State Bank notes never were money. They were only ornamented promissory notes of a bank, back of which was the evasive wealth of a few persons, payable on demand, if too many were not presented at once. Divested of ornament the face reads:

$5.00	THE BANK OF WOOSTER.	$5.00
	WILL PAY FIVE DOLLARS TO THE BEARER, ON DEMAND.	
.....Cashier.		.....President.

No fiat of the Nation ever made it legal-tender or money. It was a promissory note of the bank alone

All efforts for half a century to give it money characteristics were failures and delusions, and strewed the Nation with financial wrecks as hereinbefore shown.

No State Bank note issue can ever overcome the natural laws of finances above set out.

Take now a National Bank note and its legal reading is:

$5.00	THE FIRST NATIONAL BANK of.....	$5.00
	WILL PAY FIVE DOLLARS TO THE BEARER, ON DEMAND.	
.....Cashier.		.....President.

This also is the promissory note of the bank to pay money on demand. On the face of the note is printed the words:

"National Currency, secured by United States bonds, deposited with the Treasurer of the United States.

"W. S. ROSECRANS,
"Registrar of the Treasury."

The note is secured by a United States bond and the United States is security to pay the bond. The bond is the unsecured promissory note of the United States to pay money with interest, at a future date to bearer.

We here have an evolution process. The private bank note, corresponding to the d State Bank note, has added to it the endorsement of the Nation, and that endorse- ent alone gives it value and the confidence of the people. The figure cut by the ational Bank is nothing but the fly on the wagon wheel. The National Bank may come insolvent, still the note passes on the national endorsement.

If the national endorsement alone makes a worthless bank note as good as gold, hy not let the bank out entirely and have the Nation issue the money legal-tender ote direct? This brings us to consider the greenback:

$5. $5.

THE UNITED STATES

WILL PAY TO THE BEARER

FIVE DOLLARS.

WASHINGTON, D. C.

W. S. ROSECRANS, Register.

CHARLES FOSTER, Secretary.

On the back of this paper is the Nation's fiat: "This note is a legal tender at its ce value for all debts, public and private, except duties on imports and interest on e public debt."

Back of this fiat is the wealth of this Nation. Over 2,500,000,000 acres of land ith all of the cities, villages, banks, farms, railroads, manufactories, including all the ld, silver and enlightenment, inventive genius, push, energy and fighting capacity of ,000,000 people.

As there is not enough gold and silver to run the money business of the world or of is Nation, no alternative is left but to issue paper money in some form.

To run a safe business the paper money used should be the best that can be issued. should be such that every man can readily pass it to another in any part of the nited States for the same value that he received it.

The joint promise of 65,000,000 of people to pay a dollar in gold to the bearer is ore liable to be fulfilled than the promise of any State Bank or corporation.

Being a legal tender it can always be paid out to depositors at its face value. Under ch a system banks have only to guard against a depositors' run, and are free from ns on circulation.

An increase in the legal-tender paper money would result in more gold money turning to the Treasury. For the paper money of the Nation is free from taxation, nd the gold and silver coin must pay taxes. This is a premium of over 1 per cent. r year, and would chase the greater part of the coin into the United States Treasury escape taxation.

We are safe, in view of the foregoing facts, in asserting that only the General overnment can issue *money*. That all other efforts are delusive substitutes that build indebtednesses that they cannot legally extinguish and have properly been termed aper lies.

The National money notes are readily received at face value, and each citizen can ass them for the same value he received them for.

ELASTICITY.

But some one says that National money is not elastic. Well, you could not expect to be so unless you printed it on india rubber. No money is elastic. State Bank otes, National Bank notes, no notes are elastic. I make these absurd illustrations to mphasize the fallacy of elastic money.

A money *system* may be elastic in a financial sense, but *money* is never elastic.

But the *system* is not *money*, and an elastic system can use good money as readily

as bad money, and a non-elastic system will fail equally with bad money as with good money.

The financial systems of the United States have been non-elastic. The financial systems of the States were elastic.

Now, if we combine the desirable elastic systems of the States and the desirable good money legal-tender of the United States we can have what has never yet been had in the United States—safety and elasticity.

What is the principle of elasticity so desired and sought after? It is this, that at certain seasons of the year a large volume of money is required, at other seasons a smaller volume. The problem then is, how can we have this large volume when required and not pay or lose interest on it when idle.

How did the State Banks do it? Why, issued their own notes to meet the large demand, and let them lie idle in their vaults when not needed.

Apply the same principle to a National issue. When not used they lie idle in the United States Treasury with no cost or loss of interest to any one.

When a large volume is required at a certain season, provide that on proper bonds of the United States or of States, cities or counties that the National Banks can borrow this money, say at 1 per cent. or 2 per cent. interest to the Government and reloan it to their customers at a reasonable profit, during the time the demand exists. As soon as the customers pay it into the banks, the banks can return it to the United States Treasury, there to lie idle until needed.

To prevent banks encouraging wild speculation based on low interest, let the rate of interest paid the United States for the money be gauged on a rising scale. Say 2 per cent. for the first $100,000 used by a bank, 3 per cent. for the next $100,000, and so on until the rate reached a point where it ceased to pay to take it out.

This is the natural law adopted by banks.

You see that elasticity in this plan holds the same relation between a United States issue, the United States Treasury and banks that is held between a State Bank issue, the Bank Treasury and the borrower. In the National system it is good money and elasticity. In the State Bank system it is elasticity and bad money.

The rate of interest should average less than the average profit on the industries of the country. If the rate of interest averages higher, then slowly but certainly the industries will be eaten up by the interest and transferred to the money lender. This law of finances transferred the lands and industries of England to the capitalist and will do the same in any nation. No question but that of time is involved in the result.

If the averaged rate of interest is less than the averaged profit on the industries of the people, then the producers will annually increase in wealth as well as the money lenders, giving prosperity to all.

CONVERTIBILITY.

Such a National issue of paper money would possess the same degree and character of convertibility that is possessed by greenbacks.

The wealth and power of 65,000,000 people are back of each dollar of paper money to exchange it for coin when required.

It is far more probable that the Nation will be supplied with coin for taking up paper money when presented than that any State Bank or other combination can.

In fact convertibility reaches a maximum in the National issue, and does not even approach a maximum in any other system.

Should the drain of coin run the Nation short it can at any time secure it by taxation or sale of bonds. No other system can do this.

UNIFORMITY.

The National system herein proposed is the only one that can possess uniformity. A uniform system of paper money, to replace all present forms of certificates and currency, would give a circulation of uniform legal effect and appearance. Every citizen holding a dollar of paper money would have the same legal obligation, and the obligation of the Government to the holders would be uniform and more easily met by a uniform financial plan.

ATTRIBUTES OF A PERFECT SYSTEM.

All writers concur that the attributes of a perfect system of paper money for this or any other nation are: 1st. Safety. 2d. Elasticity. 3d. Convertibility. 4th. Uniformity.

These points were specially emphasized by Hon. John Jay Knox in his address fore the National Bankers' Convention in New Orleans in 1891.

In the system herein suggested, and which I more elaborately presented in other dresses, these attributes are brought to a maximum as follows: Safety consists in e whole wealth, resources and power of 65,000,000 people and 2,500,000 acres of land, th all the wealth, civilization and enlightenment of the most peaceful, prosperous and d stable government on the face of the earth.

The elasticity is met by the Nation furnishing a sufficient volume to meet the extra mands of seasons and trade, and providing for its retirement to the National Treas- y when not needed to escape paying interest.

Convertibility is based on the ability of the Nation with all of its resources and wer to furnish coin sufficient to exchange for any of the currency when needed.

One thing is sure: If the nation cannot meet the question of convertibility no stem of State or individual banks need ever try.

Uniformity in every respect is obtained by a single national issue of money. No her system can ever attain it.

Out of this uniform national issue will come stability of securities, of business, of oduction, of manufactures and of commerce.

Banks will lose less by depreciation of real and personal securities and by reason of ss failures.

They can profitably loan at a lower rate of interest, having less loss on capital.

Long time loans to carry out railroad and other long time enterprises can be based such a system as herein suggested.

No panacea for financial blunders and frauds exists in this or any other system. e only claim that the financial sense of the Nation will herein find the best and sim- est money and money systems for their use.

As bankers we will prosper best in the long run under that system that gives the eatest prosperity to the masses.

I respectfully suggest that all efforts to have Congress delegate this financial power any combination of men or corporations is dangerous, and should meet the never- ding opposition of all Americans.

It should remain in the hands of the Nation for the common good.

We may be bankers in our day and reap the profits of a system partial to us, but ur descendants will probably not be bankers, and they will suffer from the operation any unjust system.

As bankers let us unflinchingly oppose everything but the *best money* and the *best stem* that the intelligence of the nineteenth century can give.

At the close of the address the speaker offered the following resolution, which was nanimously adopted by the Convention by a rising vote:

Resolved, That it is the judgment of this Convention that a State Bank note issue of oney is unsafe and undesirable.

THE ESSENTIAL ELEMENTS

OF A

MONETARY SYSTEM.

ADDRESS BEFORE THE WORLD'S CONGRESS
OF BANKERS AND FINANCIERS,
CHICAGO, JUNE, 1893.

By R. M. WIDNEY,
President University Bank of Los Angeles, Cal.

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PREFACE.

SINCE the accompanying address was prepared, financial events have rapidly evolved. The effect of the panic and stringency have demonstrated the insufficient supply of money.

The closed industries and the tramping tens of thousands of unemployed seeking labor or food, forecast a great danger to the country.

The laborer has nothing to sell but his labor, and the market for that is destroyed. No law requires him to starve. The consequence is apparent.

The remedy lies exclusively in the hands of Congress. And Congress alone is responsible for the consequences.

Had proper financial legislation been enacted in 1891 or 1892 the past damages would have been averted, and to-day the nation would be in the midst of prosperity.

The conditions will grow worse until our financial system is reduced to a scientific system worthy of the intelligence of our nation.

If our political parties will for a time stop trying to give each other a "black eye," and unite in a patriotic effort to benefit the people, by the best and speediest legislation possible, they will succeed in solving the problem and in hastening the day of national prosperity.

NOVEMBER 3, 1893.

THE ESSENTIAL ELEMENTS OF A MONETARY SYSTEM.

By Judge R. M. Widney, Los Angeles, Cal.

THE essential elements of a monetary system, as conceded by text-books and writers, are money volume, safety, elasticity, convertibility, uniformity, and circulation; but the essential principle underlying all of these is that the monetary system must not omit any one of them, and must have each as nearly perfect as possible. It is useless to discuss which wheel of a watch is essential, for if you omit any one it don't go, and if you have an imperfect wheel the watch is practically worthless. Assuming the above elements to be essential, I shall more particularly discuss the essential factors of these elements and show how they may be combined to produce the best system. It must be borne in mind that our population is increasing, our commerce is expanding, our industries are growing, and the vision of the future is more brilliant than the facts of the present. The future can no more be attained, or maintained, on present facts and conditions than the present growth could be attained, or maintained, on the facts of the colonial days. We have outgrown the furnishings of the past, and the future can not be provided for by our present worn-out financial garments and appliances.

Writers generally concede that money as a mechanism of exchange is one of the absolutely essential factors of civilization. It is no exception to the foregoing truths, and the present and future volume and methods of circulation can not be adequately met by, and must not be limited to, past methods and supplies. "Either our volume of money must be increased to meet the wants of our growing country,

or the business of the country must be periodically killed off until it is within the compass of our circulation." Therefore there opens up before us, there is presented to us, and there is forced upon us, and not only upon us but upon each nation, the proper solution of the financial question for the present and future users of money. The essential elements of a monetary system must be ascertained. The various systems must be analyzed, and from the analysis we must eliminate the non-essentials, and from the essentials there must be constructed a system for international and domestic use that will be free from unnecessary friction or dislocation. It should possess as many reciprocating and automatic adjustments as the uses of the age demand. In fact it should stand in finances as electrical perfection stands to-day among the sciences.

The use for money is domestic and international. A government is a joint contract entered into by the people for their mutual benefit, and the laws enacted are simply the legal evidence of the terms and conditions of the contract. Hence each nation can create and control its domestic money relations, and can also dictate what it will accept as money from other nations. But there is no international money agreement or compact between nations as to what shall be used as money. Hence no nation can force other nations to accept any particular article as money. In fact payment in each nation can only be forced by using the legal-tender money of that particular nation.

The inconvenience of having no legal international money has led the merchants of the different nations to adopt, by common consent, gold and silver bullion as the articles for the settlement of international accounts; but if the creditor should refuse to accept either the gold or silver bullion, the debtor would have to sell it at its commercial value for legal-tender money of the creditor nation and pay him with that legal-tender. If, therefore, in considering the essential elements of a monetary system we shall bear in mind that we have no power over the inter-

national money system, and that our work must be limited to the domestic system, it will materially aid in clearly understanding what is essential and what is not essential.

INTERNATIONAL CLEARING HOUSE.

Before, however, dismissing the international questions I would suggest that great commercial benefits would arise from the establishment of an international clearing house, thus avoiding all handling and risk of transshipment except of final balances. This could be readily accomplished by each nation designating its treasury or any other place, on the responsibility of that nation, as the place of deposit for balances. Owing to the large amount of these balances merchants would not feel safe with less than a national responsibility for the money. The banks in each nation having international accounts of debit or credit could clear in their local clearing houses, and deposit in the national treasury gold for the balance. These national treasuries would in like manner clear, and the final balance could be shipped to the creditor treasury for payment to local banks to which it belonged, or the balances could be held subject to the order of the creditor treasury for future balances or for future shipment on demand. Such a system would make the volume of money in the world much more efficient, and would eventually lead to an international money system for the common good.

In the appendix to this address is a suggested form of a bill for Congress including this subject, vesting in the Secretary of the Treasury, with the approval of the President, the power to establish, in co-operation with other nations, such a clearing-house system. It should receive such amendments and changes as will add to its efficiency and safety. [See proposed bill, Sec. 5.] While the international system of clearing will give great relief in finances from the present crude and cumbersome method, it will not solve the question as to what shall be used as domestic money,

nor how it shall be issued, or circulated, or what the volume shall be. As the citizens of each nation will have to settle this as their local interests require, I shall confine my further remarks on the subject to the financial needs of this nation, leaving the representatives of other nations to discuss the efficiency of their local finances.

IN THE UNITED STATES OF AMERICA.

It will probably be conceded without argument that business demands the best money and the best system for readily placing money at the point of use. The closest approximation to these will give us the essential elements of a monetary system. Money is that which will at all times and under all circumstances perform the functions of money. In fact, that which will not so perform every money function is not money. The current definitions of money are open to objections as either including non-essential elements or excluding that which is essential. I offer the following as a definition that is correct in law and in fact: "Money is that article in a nation with which a debtor can extinguish his debt without the consent of the creditor at a fixed unit of value." In other words, it must be a legal tender by the supreme law of the land in the extinguishment of debts within the jurisdiction of the law. Anything not possessing the legal-tender element above is only an article of merchandise. Hence gold or silver, copper or nickel, however fine, whatever their form or device, without the statuary *fiat* are not money and are articles of commerce alone. And gold or silver, having the nation's legislative fiat stamped upon them, cease to be money as soon as they pass out of the jurisdiction of the laws, or when the Government becomes unable to enforce its fiat. The gold or silver coins of England, Germany, or France, or of the United States are not money in a foreign nation, but are only received as bullion, at its commercial value, and even then can only pass by consent of the one receiving it. This

definition of money not only excludes gold and silver bullion, but also all checks, drafts, clearing-house certificates, State bank notes, or any other order for legal-tender money. In fact, they are only legal contracts or obligations for the payment of legal-tender money, and the one signing them in final settlement must obtain "legal-tender money" with which to extinguish the contract. Private individuals, corporations, or States can not issue money. They can only contract to pay money. Only the concurrent agreement of our sixty-six million people expressed in an act of Congress makes an article money for domestic use. The statutory words, "This shall be a legal tender in satisfaction of all obligations for the payment of money within the jurisdiction of the United States," and impressed on gold, silver, copper, nickel, or paper, invests them with full money functions and constitutes them money. It therefore appears that this money function is purely a creation of statutory enactment, and with it an article is money, without it the article is not money. Silver was demonetized. What does that mean? Why, that the money function given by statutory enactment was removed from silver and it ceased to be money. Therefore, we conclude that the essential element of money is its power to extinguish a debt at the will of the debtor, without the consent of the creditor, at a fixed unit of value.

For the purposes of this address the financial transactions of the world may be divided into two classes, in one of which the transactions may be satisfactorily consummated without the use of money; the other can only be closed up by the use of that which is legal-tender money. In the first are embraced all cases where checks, drafts, clearing-house certificates, and other non-legal-tender orders for money are accepted by the creditor, he taking his chances on finally getting legal-tender money. This class represents about eighty-five per cent of business transactions with safety and financial ease. When it reaches ninety per cent there is a perceptible inconvenience and tightness in the

money market, many finding accommodations difficult; the financial reports stating that "the demand for money is quite brisk and ruling at higher rates of interest," and that selling on the stock market is active with the bear influence predominating. As the percentage of credit transactions advances beyond ninety per cent the danger rapidly increases, with more failures and general evidences of distress, and terminates in a crisis and a panic at ninety-five per cent. As money is not required in the above transactions they may be dismissed from the discussion of the subject. It is the remaining percentage of business, the final liquidation of all the credits, that requires and can only be closed up by the use of legal-tender money. Internationally the people by common consent use gold to settle the final credit obligations. By a like common consent, expressed in the form of an act of Congress, the people of the United States use gold, silver, copper, nickel, and paper legal tender to settle the final credits between individuals, leaving really in its place a general credit obligation from the sixty-six millions of people to the individual creditor. Gold has a commercial value based upon its supposed cost of production representing say twenty-three and twenty-two one-hundredths grains of fine gold for a dollar in labor. When that weight of gold is impressed with the money fiat of the nation, it is supposed to be the best money, for the reason that if the fiat of the nation should fail the owner would still have the commercial value left. It is therefore said to possess intrinsic value; but in fact there is very little intrinsic value, for no one receives it except upon the belief that he can get rid of it in exchange for other things. No one would accept it if he were forced to finally keep it. It is properly denominated a mechanism of exchange. Any other article accepted by common agreement for the purpose is equally valuable as money for domestic use. However, so long as the merchants of the different nations regard gold as having an intrinsic value, so long will they accept it as a money of final payment, at its commercial value as an article of final payment of debts.

NOT ENOUGH GOLD.

So long as the people in the world desire to accept gold as an article of commercial value in payment of final balances, they will continue to do so. Therefore, if there was enough to meet the business wants of the growing civilization of the world, no question would arise as to the kind of money. But the total volume of gold coin and bullion in the world is only $3,984,256,589, a per capita of three dollars and twenty-two cents for the world's population. This does not equal the present money volume of the United States and France.

The average annual production of gold for the eight years 1881 to 1889 was $108,376,258, or eight cents per capita. The annual consumption of gold in the industrial arts is about $64,000,000, a per capita of five cents. This leaves an annual increase for money purposes of only three cents per capita. It will be conceded at once that these small sums of stock and increase never can either supply or keep pace with the growing business of the world.

In the United States the supply May 1, 1893, was as follows:

Gold coin and bullion	$613,042,879	per capita of	$9.00
Annual product	32,976,000	"	"	.50
Used in the arts	16,679,000	"	"	.25
Balance for money use	16,279,000	"	"	.25

Yet the United States is using a money volume of about twenty-four dollars per capita, of which gold is only nine dollars per capita, and her closing banks, her failing merchants, and crashing industries cry aloud for a greater volume.

The present struggle for gold among the different nations demonstrates that there is not enough of it to do the money work of the world, both domestic and international. If freed from domestic money use the gold of the world would about satisfy the international demand, until such time as the nations by a common law shall adopt some

additional and other money. Therefore necessity forces each nation to use other material for money in order to give a sufficient volume for its domestic use.

HOW ABOUT THE USE OF SILVER.

The statistics show that it is not of sufficient volume even if all the nations were to adopt it for money use. Its volume in the world is:

Coin and bullion	$4,512,754,655	per capita	$3.65
Annual product	121,389,242	" "	.09
Industrial uses	21,660,000	" "	.02
Annual increase for money	99,729,240	" "	.07

Combined with the former statistics for gold the two represent $144,005,506, or ten cents per capita, as the annual increase.

In the United States the silver volume of coin and bullion is:

Stock	$687,614,551	per capita	$10.00
Annual product	64,768,730	" "	.97
Industrial uses	8,767,000	" "	.85
Annual increase for money	$56,001,730		

But it must be borne in mind that nearly the total stock of silver in the United States is in money use either as coin or as certificates issued for the silver bullion, these certificates aggregating May 1, 1893, $326,806,504.

The total stock of gold and silver coin and bullion as recently held by the leading six commercial nations was as follows:

England	$ 650,000,000	per capita	$18.00
France	1,600,000,000	" "	43.00
Germany	645,000,000	" "	14.00
Russia	200,000,000	" "	12.50
Italy	200,000,000	" "	6.00
United States	1,300,657,430	" "	20.00

This leaves about two dollars per capita for the use of the other nations and peoples. Never before in the history of

the world has the human race so generally advanced to commercial and civilized growth. Everywhere the uncivilized and unsettled continents and regions are being opened up and developed, and as this occurs they draw coin money from the older nations. The new civilizations can not issue a credit money, for they have not yet an established community credit. They are therefore forced to use gold and silver as money. This causes gold and silver to flow to such new communities from the older nations, and will continue to deplete their stock until more of an equal distribution is reached. But silver labors under another disadvantage. Explain it as you may, the fact still remains that silver is not received largely as an article of final settlement of debts. Its commercial value is such that to overcome the objection of bulkiness it is necessary for a nation to add a heavy per cent of its credit to the commercial value to equalize a convenient weight, four hundred and twelve and one-half grains to twenty-three and twenty-two one-hundredths grains of gold.

FREE COINAGE.

It is urged that free coinage will give us more money of final payment. The power of ultimate or final payment of debt must be a commercial value equal to the debt. Gold as a final payment is based on its bullion or commercial value and nothing else. Gold coin of the United States when used for final payment out of our jurisdiction as a nation is used only as bullion by weight. The same is true when foreign gold coins are used in the United States. In each case the money power of the coins, which is only the fiat or credit of the nation, ceases to exist at the boundary-line of the nation coining it, and the commercial value as fixed by the demands of commerce alone enters into the final payment. No act of Congress or of any government has power outside of the jurisdiction of the nation; therefore when gold or silver coin crosses the high seas it goes as bullion at its commercial value alone. According to the laws of nature

gold, silver, pennies, nickels, or Chinese brass tokens as articles of final payment between nations must each alike lay aside its garment as money, and enter the scales of commerce as naked metal to be weighed in the balance, at the international commercial value. Should this nation put its fiat of free coinage on silver, sixteen to one, it will only add the credit of this nation of sixty-six millions of people to the bullion value, and this credit value will not extend beyond our jurisdiction. When it goes abroad as a money of final payment, the nation's fiat dies at the nation's boundary-line and it goes as bullion at the market price. This is true whether the money is gold, silver, copper, nickel, brass, or iron.

What can free coinage do at sixteen to one? It is composed of two things, the bullion value of the silver added to the credit value of sixty-six millions of people. The sixty-six millions own their credit in fee simple absolute. It is their property at its commercial value as certainly and as righteously as the silver is the property of the silver owners at its commercial value. Each thus under the law of nature, being the owner of separate properties, neither one has the right to rob the other. The sixty-six millions of people have no right to appropriate or confiscate by act of Congress the commercial value of the silver from the silver owners; neither have the silver owners any right by act of Congress to appropriate or confiscate the credit or fiat value of the sixty-six millions.

The commercial value of the silver output of the United States is about $47,288,207 annually. The credit or fiat value of the sixty-six millions of people which free coinage will confiscate is $24,734,558 annually. The fight of the free coinage interests is to appropriate or confiscate this credit of sixty-six millions of people, worth $24,734,558 per year and worth forty-five cents on every ounce of silver, by an act of Congress, and add it to the commercial bullion value of silver and make the silver owners possessors of both. When and

where in the history of the race has such a transaction received the approbation of study, reason, and justice?

But the free coinage men claim that in return they give an increased volume of money to the masses, and that this increased volume of money increases the value of wages and property. The fallacy of such an argument is in assuming that free coinage is the only way to increase the volume of money. I agree that we must have an increased volume of money and that such an increase of money is in the direct interest of the masses; but the increased volume does not depend on free coinage of silver even if all the silver should be so used. But if the sixty-six millions of people buy the silver output at its commercial value, $47,288,207, and then coin it into legal-tender dollars or issue legal-tender certificates to the same amount, then the volume of money would be the same as under free coinage, and the sixty-six millions of people would save the credit value of $24,734,558, annually. If the people are to be benefited, why not begin the benefit by saving them this credit value of $24,734,558 annually which inures to the benefit of the people; but if this credit of $24,734,558 is to be donated annually to a class many of whom are foreigners, let a proper committee be appointed to see what class shall be most worthy to receive this royal pension. Better donate it annually to the farmers and producers until their farm mortgages are paid off, or pay it to the laboring classes with which to buy homes for their tenant families, or let the nation spend it among the laboring classes on public works; on our rivers, our highways, our navies, our coast defenses, our public buildings, and our public educational and other institutions. Let us use it in making the poor less poor, and not in making the rich silver owners richer. We may not blame them for struggling for it, but we are to blame if we give it to them.

No free coinage bill is offered or asked for by the silver interest. The bill passed in the last Senate provided that the owners of silver could deposit their silver in the United States Mint and take out paper money, at the value of one

dollar and twenty-nine cents per ounce instead of eighty-three cents per ounce, the certificates redeemable in gold or silver coin. During the year past, under the present law, $49,961,184 was paid in certificates for silver, and there were surrendered of these during the same time $47,745,173 for gold coin at the United States Treasury. Under the so-called free coinage bill the United States Treasury would have paid out $76,756,817 instead of $49,961,184 for the same silver. This would be a bonus of $29,795,633 to the silver owners in the last six months paid by the dear people.

THE TRUE SOLUTION, OUR CREDIT.

The true solution of our "more money for the benefit of the people" question is, and will finally be found to be, a proper use of the credit power of the sixty-six millions of people of these United States. This credit is as good as gold in any State in the Union, or at any bank counter, or at any sheriff's office or tax collector's office, or at any counter, or transportation office. It is as good as gold in any foreign nation. Our credit bonds, which are the naked promise of the sixty-six millions of people to pay, are as good as gold, for the owners of gold in Europe and America are ready at any moment to exchange gold for bonds. Nay, wonder of wonders, with all their talk about the "great gold" they will pay a premium for our bonds. Will pay one hundred and seventeen dollars in gold for a one hundred dollar United States bond, unsecured, payable with a low rate of interest fifty years in the future.

Think of it! Of this wonderful credit. Gold financiers, cautious, nervous, far-seeing gold financiers, actually willing to take this chance for fifty years in the future on the credit of this nation. Take United States bonds without collateral security on the naked promise of the Government to pay. Investing hundreds of millions of gold on the fiat promise to pay fifty years hence. In fact, millionaires, it is rumored, are forming combined corners to force the United States to

issue its fiat bonds, or promises to pay, so that they can get rid of their gold at one hundred and seventeen dollars to one hundred dollars for these bonds. *Good as gold?* Yes, better than gold, is the credit of this nation. Why? Because back of these bonds, back of the fiat, back of the promises to pay are the honest sixty-six million free, prosperous people, and every acre of land in the United States, from north to south and from east to west, with all of the cities, villages, farms, workshops, railroads, and improvements thereon, including all of our gold and all of our silver, our mines and our labor and our future produce. No nation on earth has such a credit record. Our war bonds and greenbacks issued in war-times, payable in coin, which was honestly and financially understood to mean whichever coin was most valuable, though legally payable in whatever coin was cheapest, were paid by this nation in gold, the highest-priced metal, and would have been paid in silver if that metal had been most valuable. We as a nation kept financial faith, honor, and integrity when it was to our disadvantage and when it cost us millions of dollars, and we have established a credit among nations that is worth more millions to us than it ever cost, provided we now use that credit and do not give it away. We have paid for that credit in gold. It is now better than gold, for gold may fall in price, but our credit will not fall. Let us keep it there and say to the business world that we will pay our credit obligations in whatever metal is most valuable, the credit of the nation standing good for the commercial difference in the value of the article used for money.

Now having pictured to you in brief outline this glorious world-wide credit, as good as gold, *better than gold*, let me show you how this credit can be imbedded unchangeable in our system and used to repay ten-fold, a hundred-fold, every dollar it has cost, and how it will not only give us the volume of money we need, but will make us the banking nation of the world. It can be ruined by allowing schemers to cast a cloud upon it by creating the impression that we will

go back on our credit, and pay our debts or promises in the least valuable of two or more metals. Or it can be impaired by allowing schemers or ignorance to so inflate our credit that a doubt will exist as to our ability to pay all of our credit promises, however good our intentions may be. Protect these two points so that financiers will never entertain a doubt upon them, and our credit will continue as good or better than gold so long as the nation endures.

WHAT IS THIS CREDIT MONEY?

It is the promise of sixty-six millions of people, having an aggregate wealth of $70,000,000,000, with the power of taxation to fulfill the promise, as against the promise of a few individuals liable on a check, draft, or State bank note. It is made by common consent, in the form of law, a legal tender in satisfaction of debt among all people in the jurisdiction of this nation, and the nation will give gold to any bearer who may specially demand it; but as the legal-tender paper will perform every function of money within this nation that gold will, no citizen, for domestic use or business affairs, will care to have gold. Only those who must pay a foreign debt will desire to surrender paper legal tender and call for gold or silver. One thing is certain, that the joint promise of sixty-six millions of people on a legal-tender note is vastly more certain to be fulfilled on demand than the promise of any part of the same people on a State bank note or other promise to pay. But, says some one, if after these legal tenders are issued gold should be exported, how will the Government get gold to take up legal tenders presented for gold? Just as any man, bank, or nation would get it under the same circumstances. Buy it. There is no other way. The nation can neither make gold nor steal it; therefore it must buy it, just as it always has and always must do. Issuing interest-bearing bonds is paying a premium for gold. Why? Because if the bond bore no interest it would not buy gold, but adding interest makes

the capital invested in the bond productive, and it then becomes a premium on gold. It is just as well to buy gold with non-interest-bearing legal tenders and pay a premium as to pay with bonds and interest as a premium. The legal-tender power is the premium paid for gold. This was recently shown when the Secretary offered New York banks bonds as collateral for gold. The banks refused, because the bonds could not be used for money, but did exchange gold for legal-tender paper money. Using legal-tender paper money for domestic uses would free some $300,000,000 of gold, or more, that is now scattered all over the United States. Such a volume in our national Treasury would meet every demand.

The plan of buying gold or silver with currency and paying a premium, and at the same time keeping currency on an exchangeable par with gold, would require to be guarded by allowing the United States Treasury discretion to charge a premium on all gold or silver taken from the Treasury for export. This right is exercised by foreign nations to retain their gold at home. Our nation should do the same. Our nation should also retain the prior right at any time to buy at its market value for full legal-tender currency any of the gold or silver taken from the mines on public lands, or from such lands hereafter sold or patented. Possibly the better solution would be to stop the coinage of gold and silver and run the bullion into five hundred dollar ingots, buying and selling them for legal-tender currency at their commercial value.

BUYING GOLD AND SILVER FOR MONEY.

All gold and silver is private property. The Government does not own them. It can not appropriate or confiscate them. It must go into the market and buy. This purchase can only be made by using the national credit, that is, the joint or common credit of our sixty-six million people. The Government can not buy gold or silver with

gold or silver. It can not buy with merchandise or produce, for the Government is not a merchant or producer. It might make all or a part of the taxes payable in gold or silver coin; but this would force citizens to pay a premium, thus shifting the general burden of purchasing from the sixty-six millions of people upon a few. There is therefore no just or honest way by which the Government can buy gold or silver except to issue bonds or legal-tender paper money. In other words, the credit of the sixty-six millions of people is the only thing that can be used to buy gold or silver for money use. The premium on gold or silver in exchange for bonds or legal-tender money is either the interest on the bonds or the legal-tender function of the paper money.

WHY?

Now if the credit of the Government is as good as gold or silver for domestic money use, and can be exchanged for gold or silver by paying interest for the use of them, why should it be exchanged at all? Why pay interest to use it as a legal-tender money when we can use currency without paying interest — legal-tender money being equally good for domestic use? During our present financial disasters the banks readily exchange gold at par for legal-tender paper money, proving it to be as good as gold for domestic money use. Why not, therefore, let the nation issue this legal-tender paper money as good as gold in sufficient volume to transact the business of this nation, and free the gold from domestic use and allow it to meet the demand for international use? If a necessity arises, at occasional times, to have gold for foreign payments, it can be had as well by discounting non-interest-bearing legal tenders as by issuing interest-bearing bonds. It is much more profitable to the people to occasionally discount a non-interest-bearing legal-tender note than to issue an interest-bearing bond; for a three per cent interest-bearing bond represents an annual premium of three per cent for gold, and

if the gold is held as a reserve we continue to pay interest on the bond and are losing interest on the idle gold, whereas with non-interest-bearing legal tenders we only pay a small premium occasionally for the amount of gold or silver actually needed for that case. As a matter of fact, generally, we would not pay any premium, for the legal-tender paper will perform all the domestic money functions that the gold will. This is forcibly shown by the fact that millions of gold and silver annually go to the United States mints for which the owners prefer to take legal-tender paper money.

The enormous cost of buying gold and silver with interest-bearing bonds is shown by computing the interest for a century. A hundred million of three per cent bonds, interest payable semi-annually, counting interest on the interest as paid in and reloaned, will double every twenty-four years. The account will so stand that at the end of twenty-four years the $100,000,000 becomes $200,000,000; forty-eight years the $100,000,000 becomes $400,000,000; seventy-two years the $100,000,000 becomes $800,000,000; ninety-six years the $100,000,000 becomes $1,600,000,000. In other words, under the bond system of buying gold for money use we pay $1,600,000,000 for the use of $100,000,000 for ninety-six years, whereas by occasionally paying a small premium for gold when required the cost would be vastly less per century than the above.

In what is popularly but delusively called the free coinage of silver a premium is really paid by the people. That premium is the cost of free coinage and stamping the legal tender power on the metal. These transactions are based on the common business rule that we must pay in some form for what we get. We must exchange value for value, unless we beg or steal. The gold and silver bullion is the property of private individuals. The legal-tender function is owned by the people. Neither one should be given to the other. Each should sell it at the market value. The nation should therefore clothe its dearly bought credit

with a legal-tender money function in the form of a non-interest-bearing currency, and with this buy gold or silver when required, at its market value, as it buys lumber or other supplies, and then use it as it deems best, either for coinage, or resale for its currency notes, or for a reserve.

For domestic purposes we have no need for gold or silver, except for subsidiary coins. No one wants either for itself. People only want them because they believe that they can get rid of them in exchange for something else. Not an individual would accept gold or silver if he were forced to keep them perpetually, or if he believed that he could not exchange them readily for other things for the value at which he received them, or use them to pay a debt. Here is the bedrock trouble with silver to-day. People do not believe that they can get rid of it, or exchange it for other things, and therefore their unwillingness to receive it. If by free coinage it were forced on the people of the United States it could not be forced on the people of the foreign nations. So long as this unwillingness exists in the minds of men, it can not be used as a money mechanism of exchange by itself, but must have added to it the credit of the nation to make up any deficiency in the exchange of value. Therefore the credit of the people, as good as gold, stamped on metal or paper, backed by their promise to mutually accept it at par as a medium of exchange, is the essence of the transaction. The gold, silver, nickel, or paper is the material body on which the exchange value and power are impressed, and the common contract of the people among themselves to use it is the vital force.

THE PEOPLE'S CREDIT AS MONEY.

How can we best use this credit of the nation as money? It has been created by our having kept faith with our creditors. We received of them the highest-priced money and agreed to pay in coin. It was implied in the contract that it was to be repaid in the highest-priced money, but we

could have paid it in the cheapest coin. This temptation was publicly presented and powerfully advocated. Every argument and statistic that talent and money could produce to make the temptation succeed were produced and scattered broadcast over the land. At first like a wave the thought swept over the land that here was relief for the struggling debtor, and popular applause greeted the offer; but there came to the honest masses as second thought, was it right, was it just, was that the agreement and the equitable understanding. The farmer reasoned that when he bought a plow or farm implement that it was understood that it was to be a good article. He knew that when he sold grain or hay to be delivered that it was understood to be good. And so the American debtor reasoned out that his agreement as a nation was to pay money as good as any other money, and by act of Congress he so declared his understanding and his intention to pay in the best money, whether it was gold, silver, or paper. The temptation failed, and he said, "Get thee behind me, Satan; the kingdoms of the whole world are not worth my honor." We Americans have placed honor above life; we have freely given life on ten thousand battle-fields for honor and right; and we will not exchange honor and right for the profit of paying our debts with inferior money, but faith and honor shall be as unsullied as the starry banner that typifies the nation's honor. The integrity of this good faith and honesty is our credit capital, and we must preserve it so that it will never be questioned in the financial world.

What is the most stable, sacred, unchangeable form in which we can affirm our credit pledge that every dollar issued by this nation, whether gold, silver, or paper, shall ever be held of equal value, and that this nation will always pay its debts and obligations in the best money? The confidence of foreign capital in us has recently been shaken by the agitation to pay in inferior money, and as a result millions of American securities have been rushed in upon us. Nothing but the most sacred and abiding form of assurance

can meet the demand and restore a confidence that will be a safe foundation for the use of our credit.

BY A CONSTITUTIONAL AMENDMENT.

This is our best, let us offer nothing less. The Constitution of the United States is the highest, safest, and most permanent obligation or promise that the Americans can give. It is not only a declaration accepted by Americans, but by the nations of the earth. The stability of its declarations governs the laws and contracts of every State and every man in the States. Counting on its stability, other nations enact laws and contracts where their interests come in contact with ours. We have no higher form for a pledge of faith to give, either at home or abroad, than a constitutional pledge. The confidence of this world in our constitutional guarantees is as high and as fixed and abiding as it is in the stability of our nation. Therefore, as our financial credit rests on the stability of our promise and our ability to keep all of our money upon par with the best money, we should add one more element of confidence and place this promise and faith of the nation in a constitutional amendment, where it will abide for centuries free from political legislation or judicial disturbances, where as a chief foundation-stone it will exist, and on which will rest our financial credit, and on which will be reared a financial system that will meet the growing wants of this nation at all times. For such purposes I drafted a proposed constitutional amendment in 1890. It was introduced in both Houses of Congress in 1892, and met with the favorable consideration of many of our ablest men, both in and out of Congress. It was carefully studied by Judge Thomas R. Stockdale, M. C., chairman of the Sub-Judiciary Committee of the House of Representatives, to whom it was referred. After an exhaustive study of the subject for some ten months as a specialty, he made one of the ablest reports on the financial subject that has been presented in Congress since our

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nation was formed, showing the absolute necessity of an amendment such as the one proposed. The report was filed and printed March 3, 1893, too late in the session for further action. The report should be in the hands of every American and should be studied exhaustively. Within it are embraced the financial principles that will permanently solve our financial problem.

THE PROPOSED AMENDMENT.

ARTICLE XVI. SECTION 1. A national circulating medium shall be issued to the amount of twenty dollars per capita, as shown by the census of 1890, and by each succeeding census, for the proper redemption of which, when required, the resources, the faith, and the property of the nation are pledged; for which redemption, Congress, by a two-thirds vote of each House, may provide for the collection of Government revenues and taxes in gold and silver coin.

SEC. 2. Said currency with gold and silver coin of these United States, of present weight and fineness, the dollar being the standard or unit of values, and such currency notes of the same form and effect as may be issued in lieu of gold and silver coin, or bullion held exclusively for exchange for currency, shall constitute the only legal-tender money of these United States, and shall be received at par in satisfaction of all obligations for the payment of money within the jurisdiction of these United States. Said gold and silver coin and currency shall be exchangeable at par value.

SEC. 3. Congress shall have power to enforce this article by appropriate legislation, but shall not have power to increase or decrease said issue; provided that after the issue of 1900 Congress may, by two-thirds vote of each House, reduce the additional issue at any census.

The volume of credit money is herein named at twenty dollars per capita in addition to gold and silver. Some think that it should be more, some less. That is a matter that would be fixed by Congress after a full consideration. The effect of this amendment is to make and forever keep our gold, silver, and paper dollars at par with each other. The faith, wealth, and credit of the nation are thus permanently pledged to pay whatever difference may exist in the bullion or commercial value of the article used for money. This is honest and just. For when this nation issues a gold, silver, or paper dollar it is put in circulation at par with the highest dollar issued, and the people receive

that value for it, and they, by this amendment, stand ready to make that value always good to the holders by exchanging any other dollar for it. Under this amendment the Government can buy such gold or silver as it deems best to hold at its commercial value, and the difference between that commercial value and the money value is for the benefit of the people, and when the nation takes up or redeems its credit obligations in gold or silver it should be by return of those metals at their commercial value at the date of exchange, and under wise rules and the discretion of the Treasury Department. This amendment will forever prevent the wild inflation of our credit money, which has been the fatal objection to the currency theories. It renders impossible the financial dangers known as the French Assignats, John Law, Mississippi, or Argentine Republic Cedula schemes. They were inflations beyond the wealth of the promisors to pay.

A credit issue of money of twenty dollars per capita represents a liability of less than two cents on the dollar of our national wealth of seventy billions of dollars secured by a constitutional amendment which is practically a constitutional mortgage, would command confidence at par value at home and abroad. This twenty dollars per capita would take up and replace all forms of outstanding currency, giving us a uniform issue with an increase of about twelve dollars per capita above our present unsecured paper money. This would be in addition to our gold and silver coin, and would also be in addition to such as may be issued for gold or silver coin or bullion held for general redemption or exchange. There would be no gold or silver certificates. All gold and silver would go into a general fund for exchange use for any of the currency. Our money would thus be of uniform legal effect, and every dollar held by any one would be of equal use and value with any other in any part of the nation. In the amendment the currency issue, in addition to the gold and silver, is named at twenty dollars per capita. This is a suggested sum, and before passage could be altered

to any better amount. My own judgment is that twenty-five or thirty dollars would be better, for the reason that the export of gold might otherwise deplete our volume and cramp our home money market. However, I believe that the currency issued under this amendment would command such confidence and be so efficient in its work that it would go abroad to some extent in place of gold, and if our volume were sufficient we would become the banking nation of the world. With our vast resources and stable form of government, and each man owning or using money having a financial interest in the stability of the Government, our currency would certainly have a maximum value and use.

Under the third section of the amendment the volume is increased every census to correspond with the increase of population. And if it were found by experience that the volume were increasing too rapidly, it is provided that Congress, by a two-thirds vote of each House, may reduce the issue for that census. Such a discretionary power must rest somewhere, and restricted as in this case it would be very safe.

AS GOOD AS GOLD.

The gold in a dollar (twenty-three and twenty-two hundredths grains) is supposed to require a dollar's worth of labor, on the average, to mine it, and therefore it is said to represent that value. A currency note, when printed and deposited in the United States Treasury, like the gold in the mine, represents no value, but when some one gives to the people, the Government, a dollar's worth of labor or material, and receives a paper dollar, thereafter it represents a dollar's worth of labor as truly as does twenty-three and twenty-two hundredths grains of gold after mining. The only difference is that the labor is put forth for the gold before it is minted into money, while the paper dollar is minted, before the labor is put forth for it. Each represents the same amount of labor.

How shall this volume of money be put in circulation? My reply is, that it does not need to be forced into circulation. Whatever amount the business of the nation calls out will pass into circulation. Let the balance remain idle in the United States Treasury as a reserve. It costs no interest while lying idle, as it is the joint credit of the sixty-six million people. Secondly, when any one gives the Government labor or material it will take out a corresponding amount of currency. Under this branch let the Government pay for its river, harbor, and coast defenses, its naval constructions, its public buildings and improvements. This would save taxing the people millions of dollars annually, and would aid every oppressed mortgaged taxpayer to apply his part of the saved tax to pay off his mortgage. It would give employment to hundreds of thousands of now idle laborers, not only on Government works, but in all private industries that have to furnish material and machinery to the Government and to those who produce the raw material for the manufacturers, and finally gives employment to the farming element in producing food and clothing for the vast multitude of laborers above referred to. The labor problem would be largely solved by the increase in the volume of money. While this volume of money was being put in circulation by the above methods, the tax-paying citizens would have immediate relief, and all laboring classes would relieve their now critical wants by receiving employment. Of course the above expenditures would be made under the best judgment and discretion of Congress and the departments. If so done, very wise, desirable, and beneficial results would be quickly realized. You will readily trace out innumerable benefits to the whole community by this method of placing the money in circulation on the basis of a dollar's worth of labor or material for each currency dollar.

COMMERCIAL CHANNELS.

The other means of placing the newly issued currency in circulation is through business or commercial channels. This will require a carefully adjusted system, which should utilize as many existing appliances as can be judiciously used, and should have added such other appliances as will produce the best results. Of course this would have to be under the supervision of the nation for general safety, but could be best executed in detail by private responsibility. The object of the sub-treasury plan to furnish money to citizens is good as far as it goes, but is objectionable in being limited to a few, and because it is class legislation. The machinery proposed with which to accomplish the results might be taken advantage of by unscrupulous persons, and might result in as much damage as good. A well-adjusted banking system embracing all the benefits of our present system, and adding others, would be the best of all; an outline of which I will proceed to give. The nation alone should issue money, and it alone should be responsible for its redemption and exchange. This would relieve all banks from responsibility for the circulation, and would never be the occasion of a run on the banks. If the banks of the United States were to-day operating under the old State bank law, and each had in circulation its own notes and was carrying the double load of indebtedness to depositors and note-holders, nothing could prevent a run on every bank in the United States and force an immediate suspension. This was the cause of the general suspension of banks in 1838, 1857, 1868. In 1839 the bank-note circulation was $149,185,800; the legal-tender money was $27,031,476; the excess of bank notes was $122,154,324. The banks had a double debt, one to note-holders and another to depositors. When the depositors began to withdraw, the note-holders rushed in, and the demands from the two quickly closed every bank in the United States. In 1857 the deposits in the banks were $120,764,757; State bank notes, $83,312,269; total

liability, $204,077,026. Specie held (the only legal tender), $12,970,493. Excess of liabilities, $191,106,533. At the same time there was due to the banks on loans and discounts $320,252,890, leaving an excess of assets over liabilities of $129,046,363. Notwithstanding their solvency the combined run of depositors and note-holders again closed every bank in the nation.

State bank notes are not a legal tender, are not money; they are only the promissory note of the bank payable to the bearer without interest on demand. They are outstanding certificates of deposit. Assets and securities back of them are useless in a panic. Assets and securities are not money, and can not be paid either to note-holders or depositors. State bank notes, payable to bearer on demand, in legal-tender money, by the bank, cause a double liability without any means of meeting it, and will periodically close every bank in the system using them. The only thing that has prevented the general suspension of banks in the several panics since 1861 is the fact that there were no bank notes in circulation to be redeemed. The banks had only to take care of depositors. The weak spot in all credit obligations used in the banking system as money is, that they are deposited over and over again, and the banks give the depositors credit on their books, to be repaid in legal-tender money. And when depositors in large numbers call for legal-tender money, the State bank notes or other credit obligations are rejected by the depositors. Therefore it may be laid down as an inexorable and infallible law of finance, that no form of credit obligation, and no amount of solvent assets, can take the place or perform the functions of legal-tender money in final payment, and that the volume of legal-tender money must be sufficient to avoid the necessity of using too much personal credit obligation.

The object lessons of the present year should teach our people that assets, however good, or checks, drafts, State bank notes, or any other credit obligations, can not take the place of a safe volume of legal-tender money. The

fact that ninety-five per cent of our business was transacted by checks and credit obligations, demonstrates, in view of the failures of the last two years, that we must have more legal-tender money and less of the ninety-five per cent personal credit checks. The nation, therefore, issuing the volume of legal-tender money must have some safe, practical method by which it can furnish a circulating medium to the banks, holding the banks in some way responsible, as Government agents, to the people for the use of money. The subtreasury plan has an imperfect form of this principle. If the large volume of this issue lying in the United States Treasury were used as a reserve available to the banks, under safely guaranteed requirements, and upon depositing in the United States Treasury absolutely good securities, charging the banks such a rate of interest as would prevent the undue use of money, it would give flexibility in our volume for our actual use. The rate of interest could be fixed on an increasing scale on each successive amount drawn by a bank. This rate could run rapidly up from one per cent on the first $100,000 to ten per cent on all over $500,000 or $1,000,000. This is the common method adopted by banks to check speculation or to prevent an individual customer from borrowing too heavily. It runs the rate of interest up to a point where it does not pay to borrow the money. The same principle applied by the Government against the banks would check all undue speculations or use of money. When the banks did not need the money for the use of their customers, they could return it to the United States Treasury and stop interest.

WHAT SECURITIES.

Certain bonds of States, counties, and cities could be used with perfect safety with some additional legislation. Restrict their use to a class where the total bonded indebtedness did not exceed five or ten per cent of the averaged assessed value of the real property in the State, county, or

city for the preceding five years, deducting any outstanding bonds. Also providing that after the public issuance and sale of the bonds, and payment therefor to the State, county, or city treasury, that all contest as to the validity of the bonds shall be forever barred, compelling all such contests to be made prior to the public sale of the bonds. Provide also that if the State, county, or city officers did not levy and collect the tax to meet the payment of interest and principal, that the Secretary of the Treasury could appoint a proper officer, under proper bonds, to at once levy and collect such a tax. These provisions would give a bond as good as any United States bond ever issued, and one that never could be repudiated or the payment thereof avoided. Such bonds would bear a rate of interest as low as two per cent, thus saving taxpayers a large amount. In such bonds banks could safely invest a portion of their capital or of their depositors' money, for at any time, by depositing these bonds with the United States Treasurer, the bank could obtain legal-tender money to repay depositors or to loan to customers. I do not see how a safer or more convenient form of circulation could be devised. The solvency and safety of the banks in the system would appear by the following form of a statement, using for illustration the last figures of the Comptroller's report:

Bank capital paid up	$ 686,573,015
Deposits (total)	2,327,081,452
Surplus and profits	342,503,926
Total	$3,356,158,393
Invested in bonds of States, etc., deposited with United States Treasurer for re-loan, say	1,000,000,000
Loans on real estate	300,000,000
Commercial loans	1,500,000,000
Bank premises	75,000,000
Cash on hand	481,158,393
Total	$3,356,158,393

This gives an interest-bearing aggregate of $2,800,000,000 as against present total loans and discounts of $2,153,498,-

829. It also gives legal-tender cash on hand, $481,158,393, as against a present cash on hand of $313,384,824.

To meet a depositors' run the present system gives: Cash, $313,384,324; United States certificates and redemption fund, $22,241,543; total, $335,625,867 with which to meet $2,327,081,452 of deposits. In addition to this there could be added the uncertain amount that banks call in on loans, but whatever was called in by one bank would have to be called out of some other bank and would not increase the above aggregate, neither could it help the general situation. Under the new plan the resources with which to meet a depositors' run would be: Cash, $481,158,393; bonds in United States Treasury on which legal tenders would issue, $1,000,000,000; total, $1,481,158,393. In other words, there would be this vast sum available on hand to meet depositors' claims of $3,237,081,452, instead of the present small sum of $335,625,867. Such a financial system could never be shaken. No panic could ever reach it. Runs would only affect local cases of individual banks, where gross mismanagement or intentional dishonesty had destroyed its assets. Such a system would obviate the necessity of banks calling in loans to meet depositors' checks, which, if carried to any extent, cramps and crushes the borrower. The replenishing would be from the reserve loan fund in the United States Treasury to meet the temporary demand, to be returned to the Treasury when repaid to the bank by the customer. No system of private banking can withstand or meet the colossal demands of this age.

In ordinary times and for local cases, the banks rediscount with each other and fully meet the want, but when the money shortage is general all over the nation banks can not sufficiently rediscount with each other. Here is where the financial army is doubled up, its ranks broken and thrown into confusion, followed by panic and disaster. There is now no system of reserve for this point. One must be provided, ample and available, to reach any weak point in the financial line promptly. The entire reserve

power of our sixty-six millions of people for every subject and emergency is in the Government, and should be used when required. Banks generally have bonds of States, counties, and cities that are not yet due. These will be paid, principal and interest, when due, but the bank can not in the emergency wait. Neither will the depositors. Other banks would purchase or rediscount these securities, but can not for want of funds and from fear of running short on cash. They are merchantable securities in any place where there is idle money. The reserve or money power of sixty-six millions of people as represented in our national credit vested in a national issue of legal-tender credit money is the only resource we have in such an emergency. It is ample and practicable and should by act of Congress be put in a position where it can be utilized. This power is the joint credit of sixty-six millions of people. They own it, and when they need it, what folly, what inexcusable folly or crime against society not to use it! We paid a great price for it, and if never utilized it is a total loss.

BANKS SHOULD RECIPROCATE.

In return for the benefits of this system the banks should reciprocate, and aid the United States Treasury when required. Upon the order of the Treasury, approved by the President, they should furnish a percentage of the gold or silver held by them in exchange for currency for public use. They should also be subject to such other duties toward the Government as can be best performed by them.

OUR MINES OF GOLD AND SILVER.

These also should reciprocate. It is worthy of consideration whether Congress should not pass an act giving the Government the prior right to buy with currency any or all gold or silver taken from mines on the public lands or from mines hereafter sold or patented.

Why should other nations be allowed to mine and export a product of so much importance, and our nation stand by helpless and stupified? Not only should this prior right to purchase at a market value exist, to be exercised for the public good, but there should exist a discretionary right in the executive department to charge a tax, or commission, or premiun, on gold or silver taken from the United States Treasury for export. This right is exercised by the Bank of England and in France and Germany. Why should we not place the same self-protecting power in the hands of our officers?

The essential elements of a safe monetary system for the United States therefore are: First, an international clearing-house system to lessen the actual handling of gold in settling the international balances among merchants. Second, the issuing by the United States of a sufficient volume of legal-tender currency, interchangeable with gold and silver, based on the wealth of the nation, and publicly guaranteed by a constitutional amendment, so as to create absolute confidence in our currency. Third, a banking system with a proper amount of its funds invested in the bonds of States, counties, and cities that could be deposited in the United States Treasury, on which money could be drawn by the banks to make loans or pay depositors. Under such a system all idle money from all parts of the United States would be by the banks returned to the United States Treasury to avoid paying interest thereon, thus keeping the idle money in its full strength at the reserve point ready to go at a moment's call to any point in the whole system.

BANK PROFITS.

The profit to a bank is not so much in a high rate of interest as it is in the volume of business. Small profit on the individual, quick sales, and a large business is the rule of success, of live and let live, in banking and in all other business. A large volume of money will prevent

more failures than a small volume. A large volume of money will create, develop, and sustain a larger volume of business than a smaller volume would. A large volume of money will give employment to more laborers than a small volume. But volume will not prevent failures by stealing or bad business acts. Failures generally occur for want of money. The man failing seldom has a drug of money at his command. Values and securities are generally much more stable in the pressure of plenty of money than when it is scarce. Values and securities advance under the influence of either abundance of credit or abundance of money. But when the advance is based on credit the day must come when credit must be liquidated with money, and when not forthcoming a shrinkage of values occurs, bringing in its train all the calamities of a financial crisis. Business must then be killed off until it is within the compass of the volume of money, and then start to grow on credit again, and again be killed off. When the advance of values and securities is based on a sufficient volume of money they must remain stable. There is no room for shrinkage except upon the basis of non-productive or perishable commodities, and this is common to all financial conditions. The beneficial effect of the volume of money reaches a limit when it causes labor to produce more than the human race can consume. But surplus products can largely find a market in some part of this big world. The starving millions of Europe can eat up all of our surplus food. The volume of money gives no illegal advantage to one person or set of persons against others as to price. A large volume of money would advance pro rata all prices and labor. Thus, where the farmer got an advance for his products he would in turn pay an advance for all products he would consume, and so of all others. This must be so. For if it gave the farmer a perpetual advantage over all others it would only be a question of years until the farmers would be the billionaires, and, in fact, in time would own the whole world and all its contents. A small volume of money

enables the owners of it to charge for its use more than the averaged profit on the industries of the country. Here again it is only a question of years until that excess of interest-rate above profit-rate shall eat up the industry, close it up, and transfer it as a dead property to the money-owners. This continued, wrecks the country and leaves the money-owner losses that more than offset all of his unjust excess of profits. The volume of money must be such that the averaged rate of interest shall be less than the averaged rate of profits on the industries of the people. On no other basis can the industries of the people prosper. This rate of interest can only be attained and retained by increasing the volume of money to the proper limit. And that limit will be discovered when the rate of interest is reached and permanently retained all over the nation and all over the world. If our volume of money were trebled, deposits would treble. There would be three times as much money to loan. At a ruling rate of three per cent three times the number of persons could borrow with profit to their business. Banks, therefore, from this increased amount of loans would realize per year the equal of nine per cent on the present volume of loans. But in one case it is collected from three customers, where in the latter it is collected from one. There would thus arise stability all along the financial line, and as much or more profit to the banks and less losses. If from the bank profits since 1873 were deducted all the losses banks have sustained by failure of customers and shrinkage of securities, it would leave a net rate of interest not to exceed three or four per cent.

To show how the principles referred to in this address would practically work out when embodied in an act of Congress, I have carefully prepared a bill, taking the general act of Congress of June, 1864, as the frame-work and making as few changes or additions as possible. It is hereto attached for the inspection of those desiring to study it. The words in italics show the suggested changes made in the present law.

In view of the financial emergency that rests not only upon this nation, but upon all the nations, I would suggest that this Congress express its judgment in the form of resolutions on the necessity of Congress acting in the premises, and enacting a law whereby the gold can be more freely used for international purposes, and that for our domestic use the credit of the nation, declared in a constitutional amendment and based on the wealth and resources of the nation to a safely limited extent, should be used in the form of a legal-tender money. As soon as it became known that Congress would take such action confidence would be restored, and we would enter upon an era of permanent prosperity such as we have never seen, a prosperity that would be shared in by every other nation.

PROPOSED ACT OF CONGRESS.

This bill is known as Senate Bill 2,947, and House Bill 8,311, Fifty-second Congress, first session. The parts in italics show where this bill differs from the currency act of June 3, 1864.

A Bill to Provide a National Circulating Medium and to Provide for the Circulation thereof.

Section 1. That there shall be established in the Treasury Department a separate Bureau, which shall be charged with the execution of this and all other laws that may be passed by Congress respecting the issue and circulation of a National circulating medium. The chief officer of said Bureau shall be denominated the Comptroller of Finance, and shall be under the general direction of the Secretary of the Treasury. He shall be appointed by the President of the United States, with the approval of the Secretary of the Treasury, by and with the consent of Congress, and shall hold his office for the term of ten years unless sooner removed by the President with the consent of Congress. He shall receive an annual salary of *eight* thousand dollars; he shall have a competent deputy appointed by the Secretary, whose salary shall be *four* thousand dollars per year, who shall possess the power and perform the duties of the Comptroller during a vacancy in said office or during the absence or inability of the Comptroller. The Comptroller shall employ, from time to time, the necessary clerks to discharge such duties as he shall direct. Such clerks shall be appointed and classified by the Secretary, and be subject to the direction of the Secre-

tary of the Treasury, which clerks shall be classified in the manner now prescribed by law. Within fifteen days after notice of his appointment he shall take and subscribe the oath of office prescribed by the Constitution and the laws of the United States, and shall give to the United States a bond in the penal sum of one hundred thousand dollars, with not less than four responsible sureties, to be approved by the Secretary of the Treasury, conditional for the faithful discharge of the duties of his office. The Deputy Comptroller shall also take oath of office, and give a similar bond in the sum of fifty thousand dollars. The Comptroller or Deputy Comptroller shall not, either directly or indirectly, be interested in any association doing a banking business under this act.

SEC. 2. That the Comptroller of Finance, with the approval of the Secretary of the Treasury, shall devise a seal, with suitable inscription, for his office, a description of which, with the certificate of approval by the Secretary of the Treasury, shall be filed in the office of the Secretary of State, with an impression thereof, which shall thereupon become the seal of office of the Comptroller of Finance, and the same may be renewed when necessary. Every document executed by the Comptroller, in pursuance of any authority conferred on him by law, and sealed with his seal of office, shall be received in evidence in all places and courts whatsoever; and all copies of papers in the office of the Comptroller, certified by him to be correct copies of the originals in his office, shall in all cases be evidence equally and in like manner as the originals. An impression of such seal directly on the paper shall be as valid as if made on wax or wafer.

SEC. 3. That there shall be assigned to the Comptroller of Finance, by the Secretary of the Treasury, suitable rooms in the Treasury Building for conducting the business of the Bureau of Finance, and shall provide safe and secure fire-proof and burglar-proof vaults in which it shall be the duty of the Comptroller to deposit for safe-keeping all plates not necessarily in the possession of engravers and printers, and other valuable things belonging to his department; and the Secretary shall from time to time furnish the necessary furniture, stationery, fuel, light, and other proper conveniences for the transaction of said business.

SEC. 4. That the Comptroller of Finance, under the direction of the Secretary of the Treasury, is hereby authorized and directed to issue *currency notes* in the name of the United States of America *to the amount of twenty dollars per capita of the population of the census of 1890, in addition to gold and silver coin. Upon ascertaining each following census the issue shall be increased to said twenty dollars per capita. In addition thereto he shall issue such additional currency notes of the same form and effect in lieu of gold or silver coin of the United States, or bullion deposited or held exclusively for exchange for currency notes as may be provided by law.* In order to furnish suitable notes for circulation the Comptroller of Finance is hereby authorized and required, under the direction of the Secretary of the Treasury, to cause plates and dies to be engraved, in the best manner to guard against counterfeiting and

fraudulent alterations, and to have printed therefrom, on paper or similar material best adapted therefor, and numbered, the quantity of currency notes, of the denominations of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars, and five hundred dollars, as may be required to supply the issue herein called for. *The number of each denomination in use shall be such that the needs of the people shall be best subserved thereby. The notes of each denomination shall be consecutively numbered in series. Said notes shall express on their face that they are issued by the Government of the United States of America as the circulating medium of the people of the United States. They shall have the written or engraved signatures of the Treasurer of the United States, and of the Comptroller of Finance, and the imprint of the seal of the Treasurer, and shall bear such other statements and devices as the Secretary of the Treasury shall direct. Said notes, and gold and silver coin of the United States, shall be received at par, in satisfaction of all obligations within the jurisdiction of the United States for the payment of money. Said gold and silver coin and currency shall be exchangeable at the face value thereof.*

SEC. 5. *That the Secretary of the Treasury with the approval of the President may from time to time make such rules and regulations for the exchange of gold, silver, and currency, at the Treasury or any sub-treasury of the United States, in sums of not less than five hundred dollars, as the interests of the people may require. Such rules and regulations may require a premium to be paid on gold or silver taken from the Treasury or sub-treasuries, for export; said rules and regulations may also at any time require that the gold or silver or any part thereof taken from the public lands of the United States, or from any lands hereafter sold or patented by the United States, shall be sold to the United States at its market value; and there is hereby reserved to the Government the prior right to buy all or any part of such gold or silver for public use at its market value, and shall pay therefor in legal-tender currency.*

Such rules and regulations may further provide that each banking corporation formed under the laws of the United States, and receiving the benefit of such law, shall at such times as may be ordered forward to the United States Treasury or any sub-treasury designated, at the expense of the United States, such a percentage of the gold or silver held by such bank as may be named in such rules and regulations, or as may be designated in any special order, and shall receive in exchange therefor legal-tender currency.

Such rules and regulations may also provide for establishing a system for clearing international commercial balances, under which the balances due between domestic and foreign clearing houses or specified banks may be deposited to the credit of such clearing houses or banks in the United States Treasury. Provided that all foreign balances due the United States Treasury hereunder shall be deposited in the custody of the debtor nation.

SEC. 6. That it shall be the duty of the Treasurer of the United States to receive worn-out and mutilated circulating notes issued hereunder, which shall be destroyed by being burned to ashes in the presence of the Secretary of the Treasury and the Comptroller of Finance or such other person as the President shall designate. A permanent book of record of the destruction of such notes, with sufficient description thereof, shall be kept by the Comptroller of Finance. After said destruction of said notes, new notes shall be issued to the owners of the destroyed notes.

SEC. 7. *That for the purpose of putting said notes in circulation the Comptroller of Finance shall be authorized to retire all outstanding notes or currency of the United States, and to buy such legally issued bonds of the States, counties, and incorporated cities of over five thousand inhabitants as he deems proper. Said bonds to be issued by said States, counties, and cities, for a valuation not to exceed five per cent of the average assessed value of the real estate in said State, county, or city, for the five years preceding the issuance of said bonds, deducting from the said issue of bonds the par value of any other outstanding bonds issued by said State, county, or city. Said bonds shall be a lien on all personal and real estate in said State, county, or city, except public property, and shall bear interest at the rate of two per cent per year, and shall not run to exceed twenty years. The interest shall be payable annually to the Comptroller of Finance at Washington, and a sinking fund shall be provided in each case sufficient to liquidate said bonds at or before maturity. The public issuance of such bonds, their delivery to the Comptroller of Finance, and the receipt of the circulating notes thereof, shall be deemed conclusive evidence of the legal issuance and validity of said bonds, and thereafter no defense shall be set up to the payment of principal or interest, or to the levying and collecting of taxes therefor. All objections or defense to the issue of said bonds must be made by the parties interested prior to the delivery thereof to the Comptroller of Finance, otherwise they are forever waived and barred as a defense. Said bonds may be sold by the Comptroller, and such bonds or any United States bonds may be deposited at par by banks with Treasurer as reserve security, on which said banks may obtain the use of money as hereinafter provided.*

If said State, county, or city shall fail or neglect at any time to levy and collect a sufficient tax to meet the obligations of said bonds, there shall be immediately due and payable to the Comptroller of Finance a tax on the real and personal property in said State, county, or city in default, on its last assessment roll, sufficient to meet said payments and costs of collecting the same; and the same shall be collected by any person or persons appointed therefor by the Comptroller of Finance, who shall have power, where said tax is not paid within thirty days after it is levied, to collect the same by seizure and sale upon warrant issued by any judge ex parte of any court of original jurisdiction, State or national, having jurisdiction of the property. The United States may become the

purchaser of such property. Redemption may be made within one year after sale, by paying the amount due on the sale, costs and interest thereon at ten per cent. Provided that no bonds shall be purchased hereunder except such as by State laws are made subject to the terms of this act.

SEC. 8. That associations for carrying on the business of banking may be formed by any number of persons, not less in any case than five, who shall enter into articles of association, which shall specify in general terms the proposed name of the association, the object for which the association is formed, and the proposed capital stock; and may contain any other provision, not inconsistent with the provisions of this act, which the association may see fit to adopt for the regulation of the business of the association and the conduct of its affairs, which said articles shall be signed by the persons uniting to form the association, and a copy of them forwarded to the Comptroller of Finance, to be filed and preserved in his office. Attached to said articles of association shall be a schedule *of the bonds offered and known as "the reserve security" as herein provided for, which schedule shall accurately describe said bonds. Upon receipt of said articles and schedule, the Comptroller of Finance shall proceed in whatever manner he deems best to verify the facts set out in said schedule; and when satisfied that the average assessed value for said five years next preceding is not in excess of the actual value of said real estate*, and that the schedule is otherwise correct as to its statement, he shall notify said persons of that fact of the name approved by him for the association.

SEC. 9. That the persons uniting to form such an association shall make a certificate of organization, which shall specify:

First—The name assumed by the association.

Second—The place where its operations of discount and deposit are to be carried on, designating the State, Territory, or district, and also the particular county and city, town or village.

Third—Its capital stock, and the number of shares into which it shall be divided.

Fourth—The name and places of residence of the shareholders, and the number of shares held by each.

Fifth—An accurate copy of the schedule of *bonds attached* to the articles of association provided for in Section 8.

Sixth—A declaration that said certificate is made to enable such persons to avail themselves of the advantages of this act, and that said *bonds are for security as required in this act.*

The said certificate shall be duly signed and acknowledged by each of said persons, in the manner required by the law of the place for acknowledging conveyances of real estate, to entitle them to be recorded. *When duly certified therefor said certificate shall be recorded in the proper book of record of the county or district in which the association is situated.* When duly recorded the said certificate shall be transmitted to the Comptroller of Finance, who shall record and carefully preserve the same in his

office. Copies of said certificate, duly certified by the Comptroller of Finance and authenticated by his seal of office, shall be legal and sufficient evidence in all courts and places within the jurisdiction of the Government of the United States of the existence of said association and of every other matter that could be proved by the production of the original certificate.

SEC. 10. *That no association shall be organized hereunder with a "reserve security" greater than one million dollars, or with a less "reserve security" than twenty-five thousand dollars, nor with a capital stock of less than fifty thousand dollars.*

SEC. 11. That whenever a certificate of organization has been received and filed by the Comptroller of Finance, and is found by him to fully comply with the requirements of this act, the Comptroller of Finance shall proceed to investigate, in the manner deemed best, the personal standing, financial condition, and record of the persons seeking to form the association, also the object of the association, and any other facts that may aid him in determining the desirability of such an association and the probable safety of its business affairs and management. The Comptroller of Finance may use such special means as he deems best to safely ascertain the facts above referred to. When it shall appear to the satisfaction of the Comptroller of Finance that the association is lawfully entitled to commence the business of banking with safety to the Government and to the people, he shall issue to such association a certificate under his hand and official seal that such association has complied with all the provisions of this act required to be complied with, and that such association is authorized to commence the business of banking, designating the place of business, fully naming the directors and officers thereof for the first year, and its capital stock *and character and amount of reserve security*. The said certificate shall be published in such local newspapers, for sixty days, as the Comptroller of Finance shall designate. From the date of said certificate said association shall be deemed a body corporate to transact the business of banking hereunder, with the usual rights, powers, and duties of banking corporations, and shall exist for a period of twenty years from such date. An impress of its corporate seal shall be filed with the Comptroller of Finance and with the Secretary of the Treasury.

SEC. 12. *That thereafter, upon the demand of said association, the Comptroller of Finance shall issue to said association a warrant on the Treasury of the United States, for circulating notes of the Government to the amount of ninety-five per cent of the par value of said bonds deposited by said bank, or for any part thereof, as demanded from time to time, which warrants, upon presentment duly indorsed, shall be paid out of the Treasury in the notes issued hereunder. Said sum or any part thereof, not less than five thousand dollars, may, at any time, be returned to the Treasury.*

SEC. 13. That the affairs of all associations for banking purposes formed hereunder shall be managed by its board of directors which may be in legal session on any Monday from 10 A. M. wherein a quorum is present, and on

any other day where, after notice, a quorum may be present or to which a regular session may be adjourned, a quorum being present.

Every director shall be a citizen of the United States during his whole term of service; and at least three-fourths of the directors shall have resided in the State or Territory or district in which such association is located one year next preceding their election or appointment as directors, and shall be residents thereof during their term of office. Each director shall own in his own right at least ten shares of the capital stock of the association. Each director, when elected or appointed, shall take an oath that he will, so far as the duty devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this act, and that he is the bona-fide owner in his own right of ten shares of the capital stock of the association, standing in his own name on the books of the association, and that the same is not hypothecated or in any way pledged as security for any loan, debt, or obligation; which oath, subscribed by him and duly certified as required by law, shall be immediately transmitted to the Comptroller of Finance and by him filed and preserved in his office.

SEC. 14. That the directors of any association first appointed shall hold office until their successors shall be elected and qualified. All elections shall be held on the second *Tuesday of January of each year*, and the directors as elected shall hold their places until their successors are elected and qualified. Any vacancy occurring by reason of a director ceasing to own the required amount of stock, or from any other cause, shall be filled by appointment by the board. If from any cause an election shall not be held at the time designated, it may be held on any subsequent day by publishing thirty days' notice thereof in a local daily paper.

SEC. 15. That in all meetings of the stockholders each share of stock shall be entitled to one vote on all questions. Shareholders may vote by proxies, duly authorized in writing. None but shareholders can use or hold a proxy.

SEC. 16. That the shares of stock may be transferred on the books of the association in such manner as may be prescribed in the by-laws of the association. No transfer shall be made of stock where the holder is indebted to the association in any manner; but the association has a lien on all of its stock for such indebtedness. Every person becoming a shareholder, by transfer or otherwise, shall, in proportion to his shares, succeed to all the rights and liabilities of the prior holder of such shares, and no change shall be made in the articles of association by which the rights, remedies, and securities of the existing creditors of the association shall be impaired. The shareholders of each association formed under the provisions of this act, and of each existing bank or banking association that may accept the provisions of this act, shall be held individually responsible, equally and ratably, and not one for the other, for all contracts, debts, and engagements of such associations to the extent of the amount of their stock therein, at par thereof, in addition to the amount invested in such shares.

SEC. 17. That the capital stock or the reserve security of any association formed hereunder may be increased or decreased within the limits fixed for the capital stock or *the reserve security* by this act by a two-thirds vote of its shareholders at any annual meeting in January. The increase or decrease of capital stock or *the reserve security* shall be made by complying with the requirements of this act as to the formation of such associations in the first instance, and by complying with such additional requirements as the Comptroller of Finance may deem best to secure the interests of all parties concerned, provided *that in the decrease of the reserve security the association so decreasing its reserve security shall surrender to the Comptroller of Finance circulating notes received thereon to the amount of the decrease. In such cases the Comptroller of Finance may, in his discretion, release from the effect of this act a pro rata of the bonds described in the certificate of organization, but this shall only be done in cases where the Comptroller of Finance shall find the association to be solvent. The maximum or minimum of such increase or decrease shall be determined by the Comptroller of Finance.*

Any association organized hereunder may close up its business and dissolve its organization by a vote of its stockholders had at the annual meeting in January. In such cases the association must first settle all of its outstanding obligations and return to the Comptroller of Finance the amount of circulating notes received on its reserve security. The Comptroller of Finance, upon receipt of a statement of the foregoing facts duly authenticated by the directors of said association under oath, shall fully investigate the matters pertaining thereto; and upon being satisfied that all obligations of said association are fully satisfied and discharged, shall cause said statement to be published for at least sixty days in a local newspaper, and shall also cause a notice thereof to be inserted in the *United States Bulletin of Finance* for the same period. If any objections to the dissolution are filed with the Comptroller of Finance before the expiration of said sixty days, he shall determine and adjust any matters therein objected to; when so adjusted, or if no objections are filed with him, he shall issue a certificate dissolving said association and releasing the bonds held under the certificate of organization from any further claim or demand thereon. Said certificate of dissolution shall be by him duly signed and acknowledged so as to entitle the same to record in the office where the certificate of organization was recorded. The Comptroller of Finance shall duly record said certificate of dissolution in his office, and thereafter shall transmit the same to said association upon the same being duly recorded in the office where the certificate of organization was recorded. The association will thereby be completely dissolved.

SEC. 18. Should the Comptroller of Finance at any time deem the affairs of said association unsafe from any cause, he may appoint a special agent or agents under, his hand and seal of office, who shall have power to inspect all affairs of said association, and to close up its affairs to the best possible advantage to all parties interested. To this end such agent shall have

power to bring or defend any suit in the name of the association, and to sell at public or private sale any or all of the property of the association, and to execute proper conveyances thereof, and use the proceeds to close up the affairs of the association. He shall also have power to collect from the stockholders the amount for which they are responsible under this act, and to use the same to close up the accounts. He shall perform such other duties as may be necessary, and shall give such bonds for faithful performance of his duties hereunder as the Comptroller of Finance may require. His certificate of appointment shall be duly acknowledged and recorded as the other certificates are required to be. The Government shall be a preferred creditor in all such cases as are provided for in this section.

SEC. 19. That the directors may declare dividends from the net profits of the association, but such association before it shall declare a dividend shall carry at least ten per cent of its net profits to a surplus fund until said reserve fund shall equal the capital stock of said association.

SEC. 20. That it shall be lawful for any association hereunder to purchase, hold, and convey real estate as follows:

First— Such as shall be necessary for its immediate accommodation in the transaction of its business.

Second— Such as shall be mortgaged to it in good faith by way of security for debts previously contracted or *for loans made thereon.*

Third— Such as shall be conveyed to it in satisfaction of debts previously incurred in the course of its dealings.

Fourth— Such as it shall purchase at sales under judgments, decrees, or mortgages held by the association, or shall purchase to secure debts due to said association.

Such association shall not purchase or hold real estate for any other purpose than as herein specified. Provided, that all such real estate acquired other than for the purpose of the business of the association shall be sold within five years after it is obtained by the association.

SEC. 21. That each association may charge such rates of interest as may be allowed by local laws where the association is situated. Each association shall keep on hand in cash an amount equal to at least twenty-five per cent of the amount of its deposits. When the reserve amount shall fall below said percentage, no more dividends or loans shall be made until the amounts called in shall restore the said percentage.

SEC. 22. That every association hereunder shall make to the Comptroller of Finance a report, according to the form which may be prescribed by him, verified by the oath or affirmation of the president or cashier of such association, which report shall, among other things, exhibit in detail, and under appropriate heads, the resources and liabilities of the association, and *the last assessment valuation of its real estate*, before the commencement of business on the morning of the first Monday of the months of January, April, July, and October of each year, and at such other times as the Comptroller may order, and shall transmit the same to the Comptroller of Finance within five days thereafter. And any bank failing to transmit such

report shall be subject to a penalty of one thousand dollars for each day after said five days that said report is delayed beyond that time. The Comptroller shall cause abstracts of said reports to be published in the *United States Bulletin of Finance*, and the separate report of each association shall be published by the association in a local daily newspaper for at least one week. *Said association shall forward with each quarterly report one-half (½) of one per cent of the cash used on its reserve security during the preceding quarter, as interest thereon, on sums not to exceed one hundred thousand dollars, and three-fourths of one per cent per quarter on sums in excess of one hundred thousand dollars and less than two hundred thousand dollars; thereafter the rate shall increase one per cent per quarter additional on each additional one hundred thousand dollars used, or on any part thereof;* and in case of default in the payment thereof, by any association, said interest may be collected in the manner provided for the collection of United States duties of other corporations. In addition to the quarterly reports required herein, every association shall, on the first Tuesday of each month, make to the Comptroller of Finance a statement, under oath of the president or the cashier, showing the condition of the association making such statement, in respect to the average amount of loans and discounts, specie and circulating notes on hand belonging to the association, clearing-house certificates, deposits, and such other matters as the Comptroller of Finance may require.

Sec. 23. That no association shall make loans or discounts on the security of the shares of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and stock so purchased or acquired shall be sold within six months from the time of its purchase. But no such purchase or sale shall relieve the former owner thereof from his pro rata of responsibility for all debts incurred by the association prior to sale and transfer to a new purchaser in good faith.

Sec. 24. That no association, or any member thereof, shall, during the time it shall continue its banking operations, withdraw, or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its capital or surplus fund. And if any losses shall at any time have been sustained by any such association, equal to or exceeding its undivided profits then on hand in cash, no dividend shall be made; and no dividend shall ever be made by any association, while it shall continue its banking operations, to an amount greater than its net profits then on hand, deducting therefrom its losses and bad debts and ten per cent for the reserve fund. And all debts due any association on which the interest is past due and unpaid for a period of six months, unless the same shall be well secured and shall be in process of collection, shall be considered bad debts within the meaning of this act.

Sec. 25. That the president and cashier of every such association shall cause to be kept at all times a full and correct list of the names and residences of all the shareholders in the association, and the number of shares

held by each, in the office where its business is transacted; and such list shall be subject to public inspection during business hours of each day in which business may be legally transacted. A copy of said list shall be sent with each quarterly report to the Comptroller of Finance.

SEC. 26. *That the directors of any bank incorporated under any national or State law may, upon the authorization of the owners of two-thirds the capital stock, in writing, duly signed and acknowledged, avail themselves of the provisions of this act and become a national association under their corporate name by complying with the provisions of this act;* the said directors being by said vote authorized to execute all papers relating thereto. Any matters not herein provided for in such cases shall be adjusted by the Comptroller of Finance in accordance with the spirit and intention of this act.

SEC. 27. That all associations under this act, when designated for that purpose by the Secretary of the Treasury, shall be depositaries of public money, except receipts from customs, under such regulations as may be prescribed by the Secretary; and they may also be employed as financial agents of the Government; and they shall perform all such reasonable duties, as depositaries of public moneys and financial agents of the Government, as may be required of them. And the Secretary of the Treasury shall require of the association thus designated satisfactory security for the safe-keeping and prompt payment of public funds deposited with them, and for the faithful performance of their duties as financial agents of the Government.

SEC. 28. That all transfers of the assets, or any part thereof, of any association doing business hereunder, made after the commission of an act of insolvency, or in contemplation thereof, with a view to prevent the application of it as assets in the manner prescribed in this act, or with a view to the preference of one creditor to another, shall be utterly null and void.

SEC. 29. That any director, officer, or employé of any association organized hereunder who shall knowingly violate, or permit any of such persons to violate, the provisions of this act, shall be removed forthwith from his position, by the proper authority of the association, or by order of the Comptroller of Finance. And any director, officer, or employé of such association who shall so transact the business of such association, or any part of it, as to intentionally defraud the association or any one else, or with the intention to deceive or mislead any officer of the association, or any agent appointed to examine the affairs of such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment for not more than ten years.

SEC. 30. That all suits and proceedings arising out of the provisions of this act, in which the United States or its agents or officers shall be parties, shall be conducted by the district attorneys of the several districts, under the direction and supervision of the Solicitor of the Treasury. And that all suits or actions arising under the provisions of this act may be had in any circuit, district, or territorial court of the United States held within the

district in which the association may be established, or in any State, county, or municipal court, in the jurisdiction of which said association is established, which has jurisdiction in similar case.

SEC. 31. That if any person shall falsely make, forge, or counterfeit, or cause or procure to be made, forged, or counterfeited, or willingly aids or assists in forging or counterfeiting, any note in imitation of, or purporting to be in imitation of the circulating notes issued under the provision of this act, or shall pass, utter or publish, or attempt to pass, utter or publish, any false, forged or counterfeited note purporting to be issued under the provisions of this act, knowing the same to be fasely made, forged or counterfeited, or shall falsely alter, or cause or procure to be falsely altered, or willingly aids or assists in falsely altering, any such circulating notes issued under the provisions of this act, or shall pass, utter, or publish, or attempt to pass, utter, or publish as true any falsely altered or spurious circulating notes issued, or purporting to have been issued, under the provisions of this act, knowing the same to be falsely altered or spurious, every such person shall be deemed and adjuged guilty of a felony, and being thereof convicted shall be sentenced to be imprisoned and kept at hard labor for a period of not less than five years or more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 32. That if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession any plate, die, or block after the similitude of any plate, die, or block from which any circulating notes issued as aforesaid shall have been prepared or printed, with intent to use such plate, die, or block, or cause or suffer the same to be used, in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any blank note or notes engraved and printed after the similitude of any notes issued as aforesaid with intent to use such blanks, or cause or suffer the same to be used, in forging or counterfeiting any of the notes issued as aforesaid, or shall have in his custody or possession any paper adapted to the making of such notes, and similar to the paper upon which any such notes shall have been issued, with intent to use such paper, or cause or suffer the same to be used, in forging or counterfeiting any of the notes issued as aforesaid, every such person, being thereof convicted by due course of law, shall be sentenced to be imprisoned and kept at hard labor for a term not less than five or more than twenty years, and fined in a sum not exceeding one thousand dollars.

SEC. 33. *That the Comptroller of Finance shall cause to be prepared each month concise information showing the amouut of circulating notes issued during the preceding month and the approximate amount of circulating notes, gold and silver coin reported in the banks in each State, Territory, District, and in the principal cities of the United States, and also the amount in the various vaults or Treasuries of the United States. It shall also contain the name of each bank, the amount of its capital stock, its reserve fund, and its losses for the preceding month, and such other information as shall be deemed of sufficient value to the financial*

interest of the people to be published. Such information shall be published monthly by the Department of Printing in pamphlet form, of convenient size for permanent binding in book form. One copy of each issue shall be sent monthly to each of the following parties: To each association doing business hereunder; to the President and each member of his Cabinet, to each member of Congress, and to such other officers of the Government as the Comptroller of Finance may direct. Also to the Governor of each State, Territory, or District, and to each public library, university, or college applying therefor. Any person may have a copy forwarded to his address for one year by first forwarding to the Comptroller of Finance the sum of one dollar.

SEC. 34. *That as the currency notes shall accumulate in the Treasury of the Government, from revenue or otherwise, they shall be returned to circulation among the people, in addition to the ways hereinbefore specified, by paying the current expenses of the Government; by the purchase of suitable grounds and the erection of suitable buildings for post offices and other uses of the Government; by the construction of such other works as shall be deemed by Congress for the best interests of the public. The expenditures shall be made annually, in each State, Territory, or District, as nearly as may be in proportion to the number of its inhabitants. The expenditures hereunder shall be as directed from time to time by Congress.*

SEC. 35. That all notes issued hereunder and all moneys received by the Comptroller of Finance hereunder shall be deposited in the Treasury of the United States. And the Comptroller of Finance shall keep an itemized account of the sources from which received, with the dates thereof.

SEC. 36. That it shall be unlawful for any officer acting under the provisions of this act to countersign or deliver to any association, or to any other company or person, any circulating notes contemplated by this act, except as herein provided, and in accordance with the true intent and meaning of this act. And any officer who shall violate the provisions of this section shall be deemed guilty of a high misdemeanor, and on conviction thereof shall be punished by a fine not exceeding double the amount so countersigned and delivered, and imprisoned for not less than one year and for not exceeding fifteen years.

SEC. 37. That if the directors of any association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association to violate, any of the provisions of this act, all the rights, privileges, and franchises of the association derived from this act shall be thereby forfeited. Such violation shall be first determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that purpose in the name of the Comptroller of Finance, which decree shall adjudge the association dissolved. Thereupon the affairs of the association shall be closed up by the Comptroller of Finance; and in case of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages

which the association, its shareholders, or any other person shall have sustained in consequence of such violation. Such directors shall hereafter be disqualified for the office of director in any association formed hereunder; and any president, director, cashier, teller, clerk, or agent of any association who shall embezzle, abstract, or willfully misapply any of the moneys, funds, or credits of the association, or shall, without authority from the directors, issue or put forth any certificate of deposit, draw any order or bill of exchange, make any acceptance, assign any note, bond, or draft, bill of exchange, mortgage, judgment, or decree, or shall make any false entry in any book, report, or statement of the association, with intent in either case to injure or defraud the association, or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association, or any agent appointed to examine the affairs of any such association, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by imprisonment not less than one and not more than ten years.

SEC. 38. That the Comptroller of Finance, with the approbation of the Secretary of the Treasury, as often as it shall be deemed necessary or proper, shall appoint a suitable person or persons to make an examination of the affairs of every banking association formed hereunder; which person or persons shall not be a director or other officer or employé in any association whose affairs he shall be appointed to examine, and who shall have power to make a thorough examination into all the affairs of the association, and, in doing so, to examine any of the officers and agents thereof on oath, and shall make a full detailed report of the condition of the association to the Comptroller. And the association shall not be subject to any other visitorial powers than such as are authorized by this act, except such as are vested in the several courts of law and chancery. And every person appointed to make such examination shall receive for his services at the rate of five dollars for each day employed by him in such examination, and two dollars for each twenty-five miles he shall necessarily travel in the performance of his duty.

SEC. 39. That persons holding stock as executors, guardians, administrators, or trustees shall not be personally subject to any liabilities as stockholders, but the estates and funds in their hands shall be liable in like manner and to the same extent as the testator, intestate, ward, or person interested in said trust funds would be if they were respectively living and competent to act and hold the stock in their own names.

SEC. 40. *That hereafter no national associations for the purpose of banking shall be formed except under the provisions of this act, and all banking institutions now under the provisions of prior acts of Congress shall be allowed to continue under such acts until their proper term of existence has expired. The currency issued under the provisions of this act shall be deemed a public use, and shall not be subject to taxation in the hands of citizens of the United States; but gold or silver coin or bull-*

ion shall be subject to taxation at its market or commercial bullion value.

SEC. 41. *That the present Comptroller of Currency shall hereafter be known as the Comptroller of Finance, under this act, and under such name shall, with the bureau now established, perform all duties required under the various acts of Congress relating to currency or a circulating medium.*

SEC. 42. That all acts or parts of an act in conflict with the provisions of this act are hereby repealed, and Congress may at any time amend, alter, or repeal this act.

NOTE.—In reference to this bill see House of Representatives document, Fifty-second Congress, second session, Report 2614, Part 2.

From the Los Angeles Evening Express, Nov. 10, 1893.

WANTS MORE MONEY.

JUDGE WIDNEY'S REMEDY FOR THE FINANCIAL STRINGENCY.

He Would Add $300,000,000 United States Currency to the Circulating Medium—The Repeal Law.

Judge R. M. Widney, President of the University Bank and well known writer on financial subjects, was asked by the EXPRESS for his views on the effect of the silver purchase repeal. He replied:

"The effect of the repeal of the Sherman silver act in itself is not of much consequence, but it may become the precedent for very important action by Congress. Its first effect is to prevent a monthly increase of over $3,000,000 per month in our volume of money. This, in our present money stringency, is a great evil. But a counter effect of the repeal may be to induce eastern capitalists to more freely put in circulation their hoarded money. This would be a temporary benefit, but there is not to exceed probably $20,000,000 that would be from this cause placed in circulation. It is more probable that such capitalists will wait to see the result of repeal. In this case the general money market will grow worse.

"The resources, commerce and business of this nation are so great that it will take not less than $300,000,000 new money added to our present volume to place the country on a prosperous basis. This cannot be done by the use of either gold or silver, for there is not enough of them. We should use all of our gold and silver and supplement it with at least $300,000,000 U. S. currency exchangeable for gold or silver at par, under such rules and regulations as will best subserve the interests of the people.

"The repeal of the Sherman act now clears the way for Congress to act free from the silver question. If Congress will now perfect a financial system, increasing our volume of currency, giving it the safety and stability of a constitutional amendment, we can at once enter upon our grandest era of national prosperity.

"But if Congress leaves our financial situation as it now is, we will enter upon a period of danger and disaster greater than any in the past. Every nation is short in its money volume, and no nation can help any other. There will arise an international struggle for existing money, followed by a domestic struggle of the same kind, resulting in the hoarding of money to a greater extent than ever before. More industries must close up and the army of the unemployed will be increased. They will not starve, and failing to get work they will drift into organized bands and plunder for a living. No local effort to give employment will be sufficient to meet their wants. The remedy must be as broad as the cause that has thrown them out of employment. The closed industries from which they have been discharged must be revived. This can only be done by increasing our volume of money, the lack of which closed our industries. The sessions of Congress since 1891 are responsible for the present disaster. The political parties have been fighting for office and plunder. Their great object has been to give each other a "black eye," or put the other "in a hole," in order to make party capital for the next campaign.

"Had Congress given the people proper financial legislation the nation today would be in a full tide of prosperity.

"Europe bought our bonds and securities at a low figure. We could repurchase them now at a still lower figure, but have not the money. If our currency volume were increased, our gold could go abroad and buy our securities while at a low figure, thus relieving our people of this debt to foreigners, and at the same time furnish capital for our domestic wants."

From the Los Angeles Evening Express, Nov. 15, 1893.

JUDGE WIDNEY ON METALLIC COINS.

What He Consid rs to Be the Proper Use of Gold and Silver.

Judge R. M. Widney, President of the University Bank, in conversation with an EXPRESS reporter, on the coinage question, said:

"The present use of silver at 412½ grains to the dollar, opens up a profitable field for counterfeiting. At present price for silver the silver dollar contains 56 cents worth of silver. Yet backed by 44 cents worth of government credit it passes for 100 cents. The counterfeiter of silver dollars, making dollars of standard weight and fineness, clears 44 cents on each dollar for his work. Or on each $100,000 he makes $44,000. In the present expert condition of the engraver's art, dies can be made as perfect as any used by the mint. This open field for counterfeiting is free coinage, except the mechanical cost, which is very small, the counterfeiter reaping a rich harvest.

"The Treasury Department reports that there are several million more of silver dollars in circulation than have ever been coined by the mint, showing that the work is extensively carried on. A million dollars of counterfeit means $440,000 profit to the operators. The only way to avoid this and use silver, is for our government to buy silver at its commercial value and issue certificates for it. For silver change, in half dollars and less, increase the weight so that the coin contains silver nearly up to its commercial value. That is the five-cent piece would be as large as a dime, the dime as large as a 20-cent piece, the 25-cent piece would be as large as the half dollar, and it again as large as the dollar.

"The diameter and thickness could both be increased so as to produce a convenient coin. This would do away with nickles, a coin intrinsically worth only about 1 cent and counterfeited by the wholesale. The gold and silver purchased by the government should be ran into ingots of certain weight and fineness and sold at its commercial value for currency to those needing it for payment of foreign debts. The legal tender currency based on the commercial value of gold and silver and exchangeable therefor at their commercial value would meet every requirement for domestic use, with the silver coins above referred to.

"In paying foreign debts gold and silver are weighed and used only at bullion value. No more gold or silver should therefore be coined than may be used for domestic purposes. All the balance of the gold and silver should be run into ingots of the value of say $50, $100 or $1000, or whatever size was found most convenient. Gold coin in circulation looses by wear, sweating, splitting and filling and plugging and is therefore not adapted to circulation with advantage.

"The coin bags used by the Bank of England and for oceanic shipment are carefully preserved and periodically burned, and the ashes washed out and the fine gold powder saved and melted.

"Civilization is rapidly passing the age wherein gold or silver coins to any great amount will be used. Those metals will be stored and paper money exchangeable for the bullion or coins issued for commercial use. Some one says this is a new plan and therefore objectionable. Quite the contrary. The Bank of Venice, the first bank in the world, one that stood for over 400 years, was based on this principle. It grew up from the demands of trade and met the wants so fully that it stood through the centuries. Gold and silver were stored by weight and fineness and certificates issued therefor which were used for all domestic payments. The coin was only called for when needed for foreign payments."

From the Los Angeles Evening Express, Nov. 16, 1893.

THE FINANCIAL STRINGENCY.

Judge Widney Does Not Think the Tariff Was the Cause.

Judge R. M. Widney, President of the University Bank, talked instructively to an EXPRESS reporter as follows:

"The tariff question is alleged by many to be the cause of the present depressed financial condition of the country. A careful consideration of the facts will show such not to be the case only incidentally.

"The financial stringency and consequent depression antedates the entire tariff agitation. The McKinley act became a law in 1891, subsequent to several serious panics.

"On October 3, 1873, the New York banks had issued $22,410,000 Clearing House certificates. These were retired in 1874.

"On May 24, 1884, they were again forced to issue $21,885,000, and the last were canceled in September, 1885.

"In November, 1890, they again issued to the amount of $15,205,000. All of these were canceled in December, 1890.

"In 1893, these bonds were again run short of money and issued $41,490,000 Clearing House certificates, which were canceled in November, 1893.

"The issue of Clearing House certificates are among the last resorts of banks to make up a circulating medium in the existence of stringent money times, and are considered conclusive evidence among financiers of extreme danger.

"It will be seen from the above that in the last twenty years we have had four stringencies, three of which antedated all tariff and free coinage agitation."

"If it were announced by Congress that the McKinley tariff would not be changed, the industries of the country could not materially open up, for they can not get the actual money to operate on. A limited number could, but the industries generally could not, for the volume of money does not exist.

"No silver or tariff legislation will solve the problem, for neither or both are the cause. The cause antedates both of these, as shown by the statistics above.

"The stringencies of 1873, 1884, 1890, 1893, explain the political landslides of recent years.

"The business of the country has been in a bad condition. The masses of the people felt the pressure. They knew neither the cause nor the remedy. They trusted to their political doctors.

"In the first Cleveland campaign the voters knew that the Republican doctor had failed to give relief. The Democratic political doctors assured to the voters that they could effect a cure, and the people voted them into office.

"They failed as completely as the Republicans, and the voters again tried the Republican medicos, and elected Harrison on the express promise that they could bring relief. But they again failed, and the condition of the country grew worse.

"In the last campaign the Democrats alleged that they had the healing balm; that the tariff and the Sherman act were the evils, and that they would cure both.

"The masses suffering under the effect of growing stringency of money, voted Cleveland in with a mighty vote.

"But the debate in the extra session of Congress drew forth the declaration from all the parties that the Sherman silver act cut very little figure in the case. It was repealed and no benefit has come from it. The tariff agitation has been of damaging effect. The masses again saw that the political doctors were ignorant of the disease, its cause and its remedy. In the recent State elections they have expressed their dissatisfaction. The Populists proposed remedies, but the few people they put in office, as Mrs. Lease of Kansas said recently, are miserable failures, and the shrinking vote shows loss of public confidence.

"I draw the following conclusions from the facts cited:

"The people have been suffering for over twenty years from causes, unknown to them, the effect of which has been to make times grow worse every

year, until it has reached the calamities of 1893.

"They also know that they are in a country capable of supporting a population of over 600,000,000, yet with about one-tenth of that number, there is distress, suffering and lack of employment for anxious and willing hands.

"They have looked to our politicians and self-constituted leaders, expecting them professionally to know the disease, the cause and the remedy.

"They know that they have been fooled. Bad has gone to worse. The people do not care a fig for either the Republican, Democratic or Populist party or leaders.

"What they want is a remedy, such that in a country capable of support-600,000,000 people, starvation, want and ruin shall not stalk abroad among 60,-000,000 people. Finally these land slides will grow into an avalanche, and either able statesmen who can and will solve the problem of so governing this nation that present inexcusable evils shall be remedied, or will eventually destroy the government. The unemployed offer for sale their labor, to get food and clothing. No one buys, for the money is not in circulation, there is a *money stringency*, *a money famine*, a stagnation everywhere for want of it, and the remedy withheld.

"The remedy is a fundamental revision of our financial and monetary system, and no more patchwork."

From the Los Angeles Herald, May 27, 1894

THE GOLD RESERVE

And Its Maintenance by the Sale of Bonds.

[BY R. M. WIDNEY.]

Not long ago the secretary of the United States sold United States bonds to replenish the depleted gold reserve.

In justification of such action much was said by those favorable to the measure, they urging such a course to be the only solution.

Recent events show that the aforesaid solution did not solve, and that the reserve is now below the $100,000,000 limit.

If the bond plan is kept up by the treasury department it will result in running all gold-redeemable currency into interest bearing bonds, and will thus either increase our interest-bearing debt indefinitely or it will retire all of our gold-redeemable currency. Should the government reissue such currency when once taken in for gold it would again and again be presented at the United States treasury for gold redemption, and the gold reserve would as often fall below the hundred million limit, necessitating again the issue of more bonds to sell for gold to redeem currency, which again put in circulation would again come back to take out gold and run the supply thereof below the hundred-million limit, to again cause the sale of bonds for gold, etc., etc. The outcome of such a system will be to enable the owners of gold to turn merchandise into gold interest-bearing bonds just as long as the treasury department will keep up its end of the game. Because when the gold is taken out of the treasury for gold currency surrendered, the government must pay out this same gold-redeemable currency for expenses. Owners of merchandise will receive this currency for their articles, and as such currency accumulates in bank or in the hands of goldites, it will be again run in on the treasury and gold taken out, to be resold to the treasury for more interest-bearing bonds.

This process can end, if carried out, only in the bankruptcy of the United States and the financial enslavement of the people.

If to avoid this the treasury should refuse to reissue the gold-redeemable currency, then the end would be that all such currency would be turned into gold bonds and our volume of money would be contracted several hundred millions of dollars by the retirement of all of our currency.

This would so contract our volume of money that we would be reduced to a condition of insolvency.

That is, debtors could not get money on their property to meet their obligations to creditors. There would not be enough money to transact business, and the financial and commercial panics of the past would only be zephyrs compared to the cyclone that would carry destruction over the land.

Evidently this thimble-rigging racket is being systematically worked for all it is worth, by some financial power, on the United States treasury.

It increases our interest-bearing debt and decreases our volume of money. It increases our debt and decreases our power to pay the debt.

What is the solution of this riddle by the financial sphinx that is proposing the question, and is financially eating us up for not answering it?

The plain answer is, change the system; alter the points at which the trick is played.

To illustrate, and at the same time approach the point by degrees: What is a United States bond? It is nothing more or less than a cluster of greenbacks fastened together and sold at a discount, but lacks being a legal tender. The legal phraseology of a greenback is:

The United States of America will pay the bearer five hundred dollars on demand.
This note is a legal tender, etc.

The United States bond reads:

The United States of America is indebted to the bearer in the sum of five hundred dollars. Payable July 1, 1907.

To this bond is attached 40 coupons, to represent the semi-annual payment of interest, say at 4 per cent, for 20 years. The coupon reads as follows:

The United States of America will pay the bearer ten dollars on the —— day of - —, 18—.

The greenback, the bond and the coupon are of the same legal obligation, a promise to pay: the greenback on demand; the bond in 20 years; the coupons at given intermediate dates.

Add the value of the 40 coupons to the face value of the bond and they represent a par value of $900 in greenbacks. That is, selling a $500 4 per cent 20 year coupon bond for par ($500) is the same as selling $900 in greenbacks for $500, payable 20 years hence without interest.

But the bond is not a legal tender and can not be used as money, and its existence and use produce no compensation. A greenback, however, circulates as money, and by its use produces a value equal to the rate of interest. It is of value to the people of the United States in its use.

Therefore if selling bonds to buy gold were stopped we could buy gold with greenbacks by issuing on the same basis as the bonds, to say the least That is, $900 in greenbacks redeemable in gold 20 years hence would bring at least as much as a bond, $500, giving $400 bonus for the gold. In this case the $900 currency would go into circulation and increase our volume of money, and our gold obligation would be the same. The bond is only the promise of the nation unsecured; so is the coupon, so is the greenback. Each has back of it the power, the good faith and wealth of the nation, nothing more, nothing less. One is as good as the other, and neither is better than the other. The power, faith and ability of the nation to meet the obligations is the real basis of value in each; hence, all financial talk about the bonds possessing an element of value not in the greenback, is financial sleight-of-hand to fool the people.

The bond is not as good as the greenback for the people of the United States, for it is not a legal tender, and we get no money use out of it and the coupon, whereas, from the greenback we get an annual money use. Owing to the fact that the greenback has a money use, it would not take $900 in greenbacks, redeemable in gold 20 years hence, to buy $500 in gold. In fact such greenbacks would today buy gold either at par or at a slight premium. Because, if the owner of $500 in gold could get $510 in legal tender currency, he could net the $10 by the exchange and have the $510 with which to pay any of his debts, whereas, before, the gold could only pay $500 of debts.

Therefore, to issue legal tender greenbacks redeemable 20 years hence in gold, and with them buy gold is better for the people then to sell bonds.

But the bonds are better for the money owners, because they are sold at such a discount, and they keep down the volume of money; thus increasing the purchasing power of money.

How long will the people stand this transparent fraud?

One other important change should be made in our financial system. The treasurer should have the power to charge a premium on all gold or silver taken for export England, France, Germany and other nations exercise this power, to retain gold and silver. The United States alone is open to free plunder by foreign financiers in this respect, and daily the plundering goes on.

It may be safely said that the American financial system is the biggest fool system on the face of the earth, and can only be accounted for on the basis either of want of sense, consummate villiany or criminal carelessness. Our financial system should be remodeled throughout and placed on a scientific business basis. We should have American money for American business, and enough of it to obviate the necessity of any foreign money ever coming here. We now pay annually over $100,000,000 in interest and profits for the use of foreign money. This would give employment to over 200,000 persons at $1.50 per day for 300 days in the year. This alone would materially aid in solving our labor question, and with an increased volume of currency, instead of bonds, our industries would soon be active and all laborers employed.

But why should we perpetuate the folly of buying gold at all for domestic money use? Or with the balance of foreign trade in our favor, why buy gold at all?

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From the Los Angeles Herald, July 7, 1894.

THE GREAT STRIKE OF 1894.

Its Business, Legal and Political Aspects—Its Rights and Wrongs.

[BY R. M. WIDNEY OF LOS ANGELES.]

The present great strike will go into history as "the great strike of 1894." It will be discussed and analyzed by cool heads and disinterested minds as a phenomenon of remarkable peculiarity. It occurred when millions were out of employment and anxious to get work and many were in a distressed and starving condition. But the strike did not occur among these.

It occurred among those who were fortunate enough to be in lucrative employment. A remarkable degree of contentment and satisfaction existed between the employed and employers, as has been publicly expressed by both the strikers and the employers.

As stated in the strikers' advocate published in Oakland, Pullman cut down the wages of the men engaged in putting vestibules on his cars and refused to restore the former wages. A strike resulted in his shops, which was followed by a boycott on all Pullman cars in use by the public. This resulted in a boycott of all trains carrying such cars, even where they were declared to be United States mail trains. Then followed a boycott of all freight and passenger traffic on all railroads refusing to cut out Pullman cars. From this resulted a stopping of all interstate commerce and mail trains on the railroads. The above is a general statement of the tie-up and the stopping of all railroad transit. The United States authorities, by court and otherwise, have undertaken to enforce inter-state traffic and the running of regular mail trains as they have heretofore run. Mr. Debs, president of the A.R U., has given his orders to the members of the A. R U., which are of such a character that the members must either disobey Debs or disobey the United States laws and the processes of its courts.

With the foregoing outline picture in our minds, first, what is the business aspect and who are the losers?

Pullman is losing almost nothing, for the impeded passenger traffic will simply double up when the trains again move, and Pullman's receipts will only be delayed a short time.

The railroad companies are not under any expense to the mass of employees, they are out on the strike, no coal is being consumed, t ere are no running expenses, no wear and tear on machinery, so their loss is but a trifle. All the freight, except perishable articles, is simply accumulating, and the railroads will take in the freight and passenger money a little later, and so they are not losing very much. All destruction of their property by mob violence can be recovered from the communities in which it occurs.

The great loss is upon the strikers. Over 50,000 men are out under the strike, representing a daily average in wages of about $3 per day, or a daily loss of some $150,000. This is a real loss that can never be repaired. A day's labor lost, is lost forever. The hands of time will not turn backward. Tomorrow may never come, and today, and in each day can only be done the work for that day. In no day can the work of a former day be done, without losing the work of that day. Hence the 10 days' loss to the strikers in wages represents not less than $1,500,000. A dead loss! Lost irreparably, lost forever; and the original party, Pullman, and the railroads, secondarily, only postponed in their receipts for delayed passengers and freight.

Another class injured is the producers of perishable freight. The innocent fruit and vegetable producers who have labored a year to produce a perishable crop are injured. Estimates of their loss for California are as high as $50,000 to $75,000 per day, which for the 10 days' strike is now $500,000 to $750,000—a dead loss to innocent, hard-working people; a loss that no one proposes to pay them for.

Mr. Roberts, president of one of the striking orders, in San Francisco, the Examiner reports, refuses to allow perishable goods or fruits to be moved, saying that the producers will have to stand the loss so far as he is concerned

The railroad officials are reported to

have offered to move the perishable freight if allowed to do so on ordinary freight trains.

The noticeable feature of the business aspect is that Mr. Debs is damaging the strikers by his orders to the amount of $150,000 per day; is damaging California fruit producers $75,000 per day, and is not damaging Pullman, the alleged aggressor and party to blame, to any material extent; is damaging the railroads to a very limited extent, and is damaging the innocent 65,000,000 people to an untold extent.

WHAT IS THE LEGAL ASPECT?

In brief, Mr. Debs has placed himself and all officers and members of the American Railway union under the laws of the state and federal governments in a conspiracy.

I believe that the members of the order in this respect have been misled. They are fundamentally law abiding, but having joined the order for common good, as they supposed at the time, and feeling that they were in honor bound, as they understand it, to obey the order of Debs, they have unwittingly been placed in a legal position that they would not have intentionally entered.

Many condemn the law of conspiracy, and intimate that it was a tricky, secret enactment sprung on the laboring man. Such is not the case.

The laws relating to conspiracy are fundamentally the same for over 400 years.

Blackstone stated in his day that a conspiracy "may be to injure public trade, to affect public health, to violate public police, to insult public justice, or to do any act itself illegal." In fact, the whole law of conspiracies was in that day vastly more strict than the above. It made all combinations to interfere between employer and employee in any injurious manner to either side a criminal offense. The first statute of California made it a conspiracy "to commit any act injurious to trade or commerce, or for the perversion or obstruction of justice or due administration of the laws."

The same are the substance of the United States laws from the foundation of the government. Mr. Debs by his orders has placed himself and members of the order in violation of these laws. Now, the laws of the land must be enforced or we have an end of government. The whole power of the army and navy and of our police and militia force are pledged to enforce the laws of the land. The question in the United States is not now between Pullman and Debs or the American Railway union. It is between the military power of the United States and persons plunged unwittingly into a conspiracy. It is a question whether congress and the laws are the government or Debs and his orders are the government. Whether the Lord is God or Baal is God, as Elisha of old said on Mt. Carmel.

Mr. Debs has blundered, fearfully blundered, as a general in managing this fight. In his use of power he has evidently lost his head and placed thousands of peaceable, patriotic, law-abiding citizens unwittingly in open hostility to the civil and military power of the nation. There can be only one outcome to the contest as it is now waged. No arbitration can occur between the United States and hostile citizens.

Had Mr. Debs boycotted the Pullman shops and never let another car come out, and not interfered with those in public use, he would have had the support of the public. But he has now brought about a conflict between the laws of the nation and himself.

Under the laws the arrest and conviction of Mr. Debs and his officers is only a question of time and process of court.

The members of the American Railway union are entitled to the benefit of the fact that they were honestly misled and did not know the result of their acts.

I must say that the members of the order in Los Angeles have shown rare good sense and self-respect in the law-abiding manner in which they have thus far acted. Some hot expressions are certainly excusable under the circumstances. I am personally acquainted with large numbers of them, and believe they will abide by the laws of the land and orders of the court in all cases where they conflict with Mr. Debs' orders.

The political aspect is brief. The highest allegiance of each and all of us is to this government. No government is or ever will be perfect, or satisfactory to all. The Almighty could not make such a government. He tried it thousands of years ago and the people were not satisfied, and ran it themselves into a fine smashup.

This is the best government up to date on earth. If it goes down it will be replaced with a more centralized form, with less liberty. The greatest menace to European forms of government is the success of American republics. If the day of civil turmoil ever comes and Europe can furnish her armies to aid one side in establishing a monarchical form of government on the the ruins of the republic she will, in self defense, most certainly do it. Therefore, our citizens who find themselves under Mr. Debs' orders, jeopardizing the safety of our form of government, should thoroughly reconsider the matter.

My judgment is that they should, in the interest of law and order, home and country, notify Mr. Debs that as American citizens they will obey the laws of and processes of court until such times as he shall remove the conflict of authority.

I would suggest further, that in justice to the innocent public and the suffering producers whose hard-earned products for a year are about to be destroyed, that they should at once offer to return to the discharge of their duties without conditions until the legal aspect of the trouble is settled.

In no manner should we justify or excuse the wrongs of Pullman, or of the corporations, nor of congress, nor of the strikers, but we should endorse the right of each as it exists.

The rights and wrongs must, however, be administered pursuant to our laws, and not in violation thereof.

The foregoing views are respectfully submitted to the careful consideration of my fellow citizens, and especially to those who are directly involved in the great strike of 1894.

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